



Art of survival in Zaire

'Where bribe-taking does not suffice, juggling several jobs becomes the only alternative'



Man or Superman?

'Take the Olympics out of my career, have I not been successful? I've been very successful'

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Second-hand Rolls

'They're highly polished, but the buyer's gleam is likely to be in the eye of their young buyers'

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All you need is cash

'I'd already handled Johnny Cash debentures, the Jethro Tull 2009s, and the Mott the Hoople 30-year notes'

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Clinton and Yeltsin agree over weapons treaty and soften line on Nato expansion

## Helsinki talks reach nuclear breakthrough

By Chrystia Freeland  
and Matthew Kaminski  
in Helsinki

Russian President Boris Yeltsin and President Bill Clinton made an unexpected breakthrough on nuclear disarmament yesterday, but agreed to disagree over Nato's planned eastward expansion.

At their summit in Helsinki, Mr Yeltsin vowed to push the stalled 1993 Strategic Arms Reduction Treaty (Start II) through the Russian parliament.

Under the treaty the two sides would dismantle two thirds of their strategic nuclear warheads.

That would clear the way for a bold new deal which the two men vowed to negotiate, proposing a Start III

treaty that would slash the US and Russian nuclear arsenals to 20 per cent of their cold war levels within 10 years.

The two presidents also found a way to mollify Russia's continued opposition to Nato's plans to invite eastern European states to join this summer.

A separate agreement between Russia and Nato would be concluded before the eastern Europeans are invited to Nato's July summit.

The proposed deal, described by Mr Clinton as offering Russia "a voice but not a veto" in Nato decision-making, would be signed by the leaders of all 16 members of the organisation.

However, it need not be ratified by their national leg-

islatures, a condition which falls short of Russia's earlier demand for a legally-binding charter. Mr Clinton softened that rejection by offering Russia swift ascension to the west's big international economic and political organisations, including the World Trade Organisation, and an enhanced role in the G-7 group of industrial nations.

Mr Clinton - who has been anxious to push ahead with Nato's embrace of eastern Europe without creating a rift with Russia - held out the agreements as proof of a strengthening partnership between the US and its former adversary.

"We agreed to disagree about the question of expansion but we agreed that there must be a partnership between Nato and Russia

going forward into the future," Mr Clinton said.

Mr Yeltsin backed up that vision, saying the summit helped "open a new era in US-Russian relations".

In an early effort to sell the deal to a potentially hostile Russian audience, Mr Yeltsin angrily rejected a suggestion that Moscow had "traded" its political friendship for the economic pledges.

And Mr Yeltsin also insisted that Russia had won more committed economic and investment backing from what he characterised as a previously grudging United States.

On the economic front, Mr Clinton promised Russia greater participation at the forthcoming meeting of the G-7 in Deauville, which would

be called "The Summit of the 8" in honour of Moscow's expanded role.

The two presidents set out a timetable for Russia's admission to other international organisations - the Paris Club of creditors in 1997 and the WTO in 1998.

Mr Yeltsin will also take home a pledge that Nato's nuclear weapons will not be stationed on the territory of the new member states and US support for formalising this intention in the Nato-Russia agreement.

That is likely to carry

great political weight in Russia, but could leave Nato open to charges of creating a two-tier structure. Mr Clinton rejected that view, insisting "there are no second-class members".

Russia's smiles, Page 2

Picture: Reuters

Arms talks: Bill Clinton and Boris Yeltsin in Helsinki yesterday

## Tel Aviv blast puts Middle East peace in doubt

By Judy Dempsey  
in Jerusalem

The future of the Middle East peace process was thrown into uncertainty yesterday after a suicide bomber killed two people and injured 44 in a Tel Aviv cafe.

The bomber, who blew himself up, had placed two plastic bags containing explosives between tables in the Aproso cafe in downtown Tel Aviv. The cafe and streets were crowded as Israelis started celebrating the Purim holiday, a festival that marks the salvation of Jews from genocide in ancient Persia.

Police said Hamas, the Islamic militant group, had claimed responsibility in a telephone call.

The bombing took place three days after Mr Benjamin Netanyahu, the Israeli prime minister, gave the go-ahead for the construction of a Jewish settlement at Har Homa in Arab east Jerusalem despite criticism from around the world that it could lead to violence.

Mr Netanyahu blamed the Palestinian Authority, led by Mr Yasir Arafat, saying it had indirectly given a green light to terrorist groups to launch attacks.

Such questions underline two concerns: that China's cadres will stampede into the territory in search of spoils, and, more seriously, that Hong Kong freedoms will follow sovereignty across the border.

Tomorrow's quiz show

may borrow the tricks of western TV. But political ideas are best left in Repulse Bay, home of Hong Kong's improbable Hawaii.

Man in the News, Page 7

## Chinese puzzle out the answers on Hong Kong

By John Riddick  
in Hong Kong

### Contenders must know What's My Party's Line on handover

From bustling Shanghai to booming Shenzhen, China will settle down after dinner tomorrow to watch the country's glitziest quiz show.

Not for these viewers, though, celebrity trivia or mathematical teasers.

Instead the contestants will be thoroughly grilled on Hong Kong, facing such posers as: What is its surface area? What are the basic principles of the post-colonial constitution? Where is the Hawaii of the east?

With 100 days to go before

the colony returns to China, fascination with the long-lost capitalist outpost is building - and so is a government propaganda drive.

Deng Xiaoping may have departed, but his goal of regaining Hong Kong still yields huge political capital for a government anxious to remove the stain of colonial humiliations and foster national pride.

Tomorrow's broadcast is the biggest event so far in a carefully-orchestrated education drive. CCTV, the

state television network, believes there will be 200m viewers for the grand final, which follows eight months of heats across the country.

Ms Tao Weiyan, director of propaganda at C-Bons Cosmetics (Wuhan) Co, is rooting for the Hubel team, which features two members from her company.

"After they won the semi-final we awarded each of them 800 yuan (\$96) and new suits," she says. "The provincial government held a meeting to celebrate,

encouraging them to become the champions."

Mr Ding Jianguo, Communist Youth League secretary of the Qilusian Nuclear Power Plant and a member of the Zhejiang team, hopes victory will allow him to travel south. "I've always wanted to go to Hong Kong and I hope I will be able to after the quiz."

Mr Ding and his rivals will face a quiz format developed in the west and increasingly popular in China. Introduced by the theme tune "Soaring Aspirations", it will be hosted by Mr Zhao Zhongxiang, China's best-known MC.

Between questions there will be music and dancing. And of course there will be prizes.

No cars or exotic holidays, but the winning team will receive a cup and 15,000 yuan. That is big money in China, where a state worker might pocket 600 yuan a month.

Cash rather than coercion serves to forge consensus,

but if the format is familiar, the audience will be unusual, with senior government officials and the head of the future People's Liberation Army garrison in Hong Kong on hand to provide guidance.

If earlier rounds are a guide, the questions will emphasise the territory's Chinese roots.

Why is Hong Kong not a colony? Because it has always been a Chinese territory, replied one candidate. Another central theme is

the autonomy of Hong Kong after the handover. Who takes care of Hong Kong affairs? asked the MC.

"Hong Kong people take care of Hong Kong affairs," parroted a contestant.

Such questions underline two concerns: that China's cadres will stampede into the territory in search of spoils, and, more seriously, that Hong Kong freedoms will follow sovereignty across the border.

Tomorrow's quiz show may borrow the tricks of western TV. But political ideas are best left in Repulse Bay, home of Hong Kong's improbable Hawaii.

### News General

#### Macedonia jails banker

The imprisonment of Tome Nenovski, deputy governor of Macedonia's central bank, after the collapse of the private savings bank TAT, highlights the government's anxiety to avert a crisis similar to that in neighbouring Albania. Mr Nenovski was allegedly among businessmen and politicians in the former Yugoslav republic who borrowed at reduced rates from TAT, which is suspected of investing depositors' funds in pyramid schemes in Albania. Page 2

Pakistan plans tax cuts to secure IMF aid: Pakistan is planning to slash import tariffs and cut corporate and personal taxes by a substantial margin next week in a renewed effort to seek fresh credits from the International Monetary Fund for its troubled economy. The moves follow departure of an IMF mission after agreement to suspend an \$831m standby loan in the hope of securing a larger longer-term provision. Page 3

Chicago is world's busiest airport: Chicago's O'Hare retained its position as the world's busiest airport last year, handling 69.1m passengers. Atlanta remained in second place with 63.3m passengers, but Los Angeles overtook London's Heathrow to move into third place, handling 57.9m passengers to Heathrow's 56m. Page 3

Lloyd's endless battles: Most Lloyd's of London "names" may have given up their right to sue the insurance market by accepting \$5bn in compensation for huge losses suffered in the recent past, but litigating die-hards can draw comfort from the knowledge that, for some, the legal battles will never end. Page 4

Last puff for tobacco industry? Tobacco industry shares fell yesterday after one US company admitted that smoking causes cancer; set up a payout plan for successful litigants and decided to hand over thousands of internal documents. But analysts remained unconvinced that Liggett & Myers would be a real blow to the industry.

Report, Page 4; Analysis, Page 7; Lex, Page 24

### News Business

#### Kodak shares tumble

Shares in Eastman Kodak tumbled 11 per cent early yesterday, wiping \$3bn from its stock market value, as the US photographic products company revealed its sales growth had ground to a halt in the first two months of this year. The news follows recent comments by Federal Reserve chairman Alan Greenspan who said he did not believe US share prices were too high, provided companies were able to match the high expectations for continued profits growth. Page 24

Steel bid hits at Germany's heartland: Dortmund, like other parts of Germany's old industrial heartland, faces 20 per cent unemployment if worst fears come to pass in the coal and steel industries. So the bid by steelmaker Krupp Hoesch for rival Thyssen is seen as a further blow to the country's economy. Page 7

Bre-X shares suspended: Shares in Bre-X Minerals, the small Canadian company that claims to have found the world's largest gold deposit, were suspended after an Indonesian newspaper cast doubt on the size of the reserves. Citing a report by Freeport-McMoran Copper & Gold, the US company which has agreed to develop the Busang mine on the island of Borneo, the newspaper said reserves were far below the 71m ounces previously estimated by Bre-X and might not be commercially exploitable. Page 24

Shares stabilise after turbulent week: The latest Alan Greenspan inspired storm in global markets looked to have blown itself out, but not without leaving investors bruised by the experience. The FTSE 100, which had to endure a series of dismal performances, finished 3.3 lower at 4,254.8. On the week, the Footsie has fallen almost 170 points, or 3.8 per cent.

Matif invites bets on Euro Matif, the Paris-based futures and options exchange, unveiled a range of new products, including options that let investors bet on the likelihood of European monetary union going ahead. Page 23

Lorimac signals culture changes: Lorimac shareholders will be asked on Wednesday to approve Sir John Craven, a merchant banker, to succeed Sir John Leahy, former UK ambassador to South Africa, as chairman. Nothing could be more indicative of the changed management objectives at Britain's most diverse conglomerate. Page 22

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## NEWS: INTERNATIONAL

Future EU central bank looks set to adopt monetary targeting

# Duisenberg backs German model

By Wolfgang Münchau,  
Economics Correspondent,  
in London

The likely president of the future European Central Bank (ECB) yesterday came out in favour of Germany's approach to monetary policy, rejecting the UK method as lacking transparency.

Mr Wim Duisenberg, head of the Dutch central bank, said the ECB should use monetary targeting, rather than inflation targeting, to determine interest policy.

His comments, in a speech in Maastricht, are the clearest indication yet of how Europe's central banking

establishment will react when confronted with choosing between the two systems in 1998.

The European Monetary Institute, forerunner to the ECB, tried to strike a balance when it recently refused to endorse one method over the other.

Under monetary targeting, a central bank looks at broad money supply as an indicator of future inflation. With inflation targeting, it forecasts rates by a variety of indicators, and sets interest rates to keep inflation within an agreed range.

Mr Duisenberg said yesterday that "the explicit use of

a variety of indicators poses a threat to the transparency and credibility of monetary policy, because there is then no immediate way of knowing which information has prompted interest rate decisions".

Most central banks use a combination of both methods in practice, but they usually adopt one as their official policy.

The targeting of broad money is thought to have worked well in Germany - at least until unification. In the UK, however, broad money targeting was blamed for the deep recession in the early 1980s. After sterling's

exit from the exchange rate mechanism, Britain moved over to inflation targeting, a method also used by central banks in Sweden, Finland, Spain and Australia.

In his speech Mr Duisenberg pointed towards recent research suggesting that the demand for money in Europe was sufficiently stable in several EU countries to allow the use of monetary targeting.

Such a method would have the additional advantage of being the preferred method of the German central bank. Mr Duisenberg said: "The continuity of monetary policy in Europe would be best

served by monetary targeting, the strategy applied for several decades already by the most successful central bank in Europe, the Bundesbank."

His comments reflect a preference in Germany, but also in the Netherlands, to have the future ECB modelled as closely as possible on the Bundesbank to maximise goodwill in financial markets.

The ECB itself is due to take key policy decisions next year on how it operates. The policies set then will also apply to countries that choose to join the single currency at a later stage.

## Bank of England 'has gold of Nazi victims'

By Norman Cohen  
in London

Britain's Foreign Office is preparing to release a report concluding that some gold seized from Nazi Germany and lodged at the Bank of England probably came from Holocaust victims.

Mr Malcolm Rifkind, the foreign secretary, last week acknowledged privately that the Foreign Office had already come to that conclusion. In a letter to Mr Greville Jaeger MP, chairman of the Holocaust Education Trust, he wrote: "Some of the gold found by the allies was in monetary form, including the gold holdings of the Reichsbank, which may indeed have included gold seized earlier from individuals."

The report reaches conclusions similar to those expected in a US study based on documents in American archives. Both are due for release in early April.

Officials from both countries are understood to have held informal talks about using a portion of remaining gold to compensate victims of Nazi persecution. However, several European governments would have to agree to relinquish a portion of their claim to the gold.

At the end of the second world war the allies seized all Germany's official gold and stored it at the US Federal Reserve Bank and the Bank of England.

Most has been returned to central banks looted by the Nazis. However, 3.5 tonnes of the Bank of England and 2 tonnes at the Fed remain to be restored to countries from which it was stolen. It is this which government officials are now considering distributing to Holocaust victims.

The Foreign Office report is expected to refer to correspondence in the late 1940s between US and UK officials concerned to separate so-called monetary and non-monetary gold found in Germany.

Monetary gold was that which could be proven to have been stolen from central banks in Nazi-occupied countries. Non-monetary gold was seized from individual Nazi victims.

Yesterday, the Holocaust Education Trust released a report based on documents similar to those used by the Foreign Office. It, too, concludes that gold bars bearing a Reichsbank stamp could have been made up of personal gold melted down.

It cites a US intelligence document of July 1945 which points out that 1,625 bars of "non-recognised" origin were among a group of other Reichsbank gold bars stored in a German salt mine during the war.

It also quotes documents showing that Bank of England officials tried hard to classify as monetary gold something which they knew it was not.

For instance, a bag of

medals, plaques and tokens received in July 1945 was

"in the Bank's private opinion not monetary gold in the sense that they ever could have been currency", according to a letter from an official.

However, he said that

there would be no changes at Russia's "power ministries".

It had been rumoured that Mr Igor Rodionov, the defence minister, would be sacked after earlier being

fiercely criticised by Mr Yeltsin.

Chrystia Freeland

Matthew Kaminski

## Kuchma threatens to sack cabinet

By Matthew Kaminski in  
Kiev and Reuters

President Leonid Kuchma of Ukraine yesterday threatened to sack his government, blaming it for the country's mounting economic problems.

"Decisive steps are not taken to remove budget debts, the government should resign," he said in his most public and blistering attack in months on the cabinet headed by Mr Pavlo Lazarenko.

Mr Kuchma also acknowledged growing public unrest over unpaid wages totalling 4.2bn hryvna (\$2.4bn). A nationwide action brought out several thousand protesters on Wednesday.

"We are in financial chaos," he added in a state of the nation address in parliament that lasted almost 90 minutes and was carried live on national television.

The Ukrainian leader directed his attack at Mr Lazarenko. "I would like to stress that the government bears responsibility for the absence of the budget," he said.

"What was guiding the government and especially Lazarenko when they presented parliament with an absolutely unrealistic 1997 draft budget?" Mr Kuchma asked.

But the president also upbraided parliamentary deputies for delaying passage of the budget.

He said the only way to interpret the failure to pass the budget was an attempt to force him to push it through by decree - a step he would not take as it was unconstitutional.

"Dear people's deputies," he said, "the issue of dissolving parliament by decree could be put with just as much success."

"Provoking me into taking unconstitutional action will not succeed," he added, to boos from deputies who blame the government for not coming up with a revised document to debate.

Both the budget and tax reform are conditions for continued western financial support of \$3.1bn this year. An International Monetary Fund mission arrived in the capital, Kiev, earlier this week for talks on a three-year \$2.5bn-\$3.1bn loan.

The country in the mean time has been building up debt, and long-delayed structural reforms have been hamstrung by political infighting.

## THE HELSINKI SUMMIT

# Russia swaps sabre-rattling for smiles and sound-bites

The Kremlin's commanding performance at this week's Helsinki summit has so out-classed the White House that President Bill Clinton yesterday jokingly accused the Russians of covertly employing subversive tactics.

At a break in "intense" negotiations, he complained to President Boris Yeltsin that his sleep the night before had been disturbed by vigorous pounding on the ceiling. "Boris, I thought you had hired an extra-large Finn to stomp on my roof," he said in a jesting reproach.

Although US aides said a hyperactive sauna was to blame for Mr Clinton's nocturnal sennade, the two presidents had reason enough to chuckle over a Slavic conspiracy.

Dismissed until a few weeks ago as little better than a corpse, Mr Yeltsin has made a vibrant return to the international stage, speaking clearly and with notes moving freely. By contrast, Mr Clinton's normally ebullient public persona has been dimmed by the awkwardness of a wheel-chair and crutches, required after his knee injury last week.

Yet the White House, no mean practitioners of the black arts of public relations, has seemed oddly unperturbed by its defeat in the propaganda war, making little attempt to disguise Mr Clinton's temporary disability or to match the maiden efforts of the Kremlin's spin-doctors.

That insouciance may be because Washington is perfectly happy to concede a symbolic victory to Moscow. It suits the US for the Russians to Heli-

sinki this week to feel self-confident, even triumphant. That feel-good factor in the sugar coating of the bitter pill this summit has been designed to help the Kremlin swallow - the Soviet Union's defeat in the cold war.

In the west, that historical fact may seem like old news. But in Moscow it is only now, a few months before NATO's formal embrace of eastern Europe, that the political establishment is digesting the full political and strategic implications of the Soviet bloc's collapse seven years ago.

However, instead of focusing on the issue of Nato expansion, which Russian officials increasingly admit poses no real security threat, the Kremlin has gradually begun to turn its attention to the question of Russia's integration into the west.

We do not perceive a growing military threat," conceded Mr Boris Berezhovsky, deputy head of Russia's security council, during a break in the Helsinki negotiations. "The real issue for us is a principled choice the west must make: 'Either we work with Russia, or we do not'."

With its clearly expressed determination to forge ahead with Nato expansion, Washington has shown that, for now, its dominant desire is to undo the Yalta treaty at the end of the second world war, when eastern Europe paid for the allies' gratitude to Stalin with more than four decades of forced membership in the Soviet Union's empire. Yet the White House is also keen to avoid a second Versailles treaty - which humiliated Germany and created some of the preconditions for Hitler's rise to power - by assuring Russia that it will be included in the post-cold-war world order.

At least on a symbolic level, this summit has gone some way to achieving that goal. In Helsinki yesterday the Russians did not look like the hungry leaders of an aggrieved former superpower, bitterly planning their revenge.

Instead, as they offered smiling sound-bites to western television crews and perused the welcoming Russian-language signs in Finnish shop windows, they looked more like happy converts to what was for them, until their recent strategic defeat, an alien way of life.

Chrystia Freeland

Matthew Kaminski

## Russia to press on with reforms, says Chubais

By John Thornhill  
in Moscow

Mr Anatoly Chubais, Russia's first deputy prime minister, yesterday vowed the reshuffled government would press ahead aggressively with economic reform, enabling it to pay off its huge backlog of debts to federal employees and pensioners and stimulate economic growth this year.

In the coal-mining town of Kemerovo in Siberia, Mr Chubais said the government would need "inhuman strength, relentless will and supreme professionalism" to raise additional tax revenues to fulfil its budget obligations.

"But the new government has all these qualities," he said.

His visit to one of Russia's

most depressed industrial regions highlights the government's efforts to damp down worker unrest ahead

of next Thursday, when the trade unions have demanded mass industrial action to protest against late wage payments.

But the government's promise to pay outstanding obligations are beginning to unsettle the debt market, where yields have shot higher this week on fears of large new borrowing. Six-month Treasury bills are now yielding more than 36 per cent compared with 30 per cent at the beginning of the month.

The government will next week seek to raise up to Rbs 15,000bn (\$2.6bn), in a domestic Treasury issue, although a recent decision to lower mandatory reserve requirements for banks should ease some liquidity concerns.

The government has also been trying to borrow at cheaper rates abroad, but its plans have been complicated by the recent turbulence in the emerging markets debt market.

Earlier this month the Russian government launched its second sovereign eurobond issue, raising DM20m (\$1.8bn) at 370 basis points over German bunds.

It is talking about making another \$2bn bond issue later this year.

Mr Chubais, who has also taken on the role of finance minister, predicted that the government would only be able to fulfil its budget by 60-65 per cent in the first quarter of the year but would meet its commitments to the coal sector. He said there was also a real possibility that Russia would soon receive the second tranche of a \$500m World Bank loan to help restructure the coal industry.

In Moscow, Mr Victor Chernomyrdin, prime minister, came under fire when speaking in parliament as Communists MPs protested about the inclusion of reformist ministers in the government.

Mr Chernomyrdin said there would be no changes at Russia's "power ministries". It had been rumoured that Mr Igor Rodionov, the defence minister, would be sacked after earlier being fiercely criticised by Mr Yeltsin.

Victor Chernomyrdin: under fire in parliament yesterday

President Boris Yeltsin would complete the reshuffle on return from the summit in Helsinki.

However, he said that there would be no changes at Russia's "power ministries". It had been rumoured that Mr Igor Rodionov, the defence minister, would be sacked after earlier being fiercely criticised by Mr Yeltsin.

## Taiwan shares fall sharply

Taiwan share prices plunged 3.09 per cent yesterday amid a widening scare over diseased pork which could lead to losses of US\$3bn. Taiwan's exports of pork to Japan, where people have a fondness for the island's "sweet-flavoured" pork, will be wiped out and may never recover. Pork is the only Taiwanese product to make headway in Japan - and the only product countervailing a roughly \$15bn trade imbalance in Japan's favour.

The government announced an export ban as it emerged that Taiwan's hog industry could be decimated by an outbreak of foot-and-mouth disease, a highly contagious viral infection afflicting domesticated and wild boar.

It also quotes documents showing that Bank of England officials tried hard to classify as monetary gold something which they knew it was not.

For instance, a bag of medals, plaques and tokens received in July 1945 was "in the Bank's private opinion not monetary gold in the sense that they ever could have been currency", according to a letter from an official.

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## CALL FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF "GREEK INDUSTRY OF READY MADE GARMENTS ROCANAS S.A." OF ATHENS, GREECE

ETHNIKI KEPHALEIOU S.A., Administration of Assets and Liabilities, of 9a Chrysopoliotis St., Athens, Greece, in its capacity as Liquidator of "GREEK INDUSTRY OF READY MADE GARMENTS ROCANAS S.A." a company with registered office in Athens (Athina, Attica) Greece, (the "Company"), having a special provision of Article 46a of Law 1952/1990, by virtue of which it has been entrusted to submit within twenty (20) days from the date of publication of this call, non-binding written expressions of interest in purchasing the assets mentioned below, offered as a single lot.

### BRIEF INFORMATION

The Company was established in 1970. On 26.5.96 it was placed under special liquidation. Its activities included the production, importation and sale of ready made garments both in the domestic and in foreign markets.

### ASSETS OFFERED FOR SALE

The Company's assets will be sold by way of Public Auction in accordance with the provisions of Article 46a of Law 1952/1990, (as supplemented by art.14 of L.2003/1991 and subsequently amended) and the terms set out in the call for tenders for the sale of the above assets, to be published in the Greek and foreign press on the dates provided by law. (Title is the third auction in take place).

### SUMMISSION OF EXPRESSIONS OF INTEREST - OFFERING MEMORANDUM

For the submission of Expression of Interest and for obtaining a copy of the Offers Memorandum, please contact the Liquidator, "ETHNIKI KEPHALEIOU S.A. Administration of Assets and Liabilities", 9a Chrysopoliotis St. Athens 10560 GREECE. Tel: +30-1323.14.84 - 87 fax: +30-1-321-7905 (attention Mrs Marika Frangkasi).

## Macedonia in shadow of pyramids

Tentacles of Albania's financial scams have gripped the country's neighbour

## NEWS: UK

Californian Names protest as ministers dismiss judges' decision as 'erroneous'

## US ruling on Lloyd's attacked

By Christopher Adams in London  
and John Authors in New York

The UK government has written to a Californian appeals court attacking a decision which allowed US investors in Lloyd's of London to sue the insurance market under US securities fraud and racketeering legislation.

Its action prompted a storm of protest from some US Names - individuals whose assets have traditionally supported the insurance market - who are continuing to fight the matter in the courts.

The Names allege they were defrauded by being placed on syndicates which reinsurance asbestos and toxic waste claims, or had a heavy concentration of risks. They say Lloyd's knew the syndicates carried big losses but did not disclose them. The ruling in the US appeals court reversed an earlier decision by a district court which dismissed the Names' claims that they should be

able to sue Lloyd's in the US.

It was an unwelcome embarrassment to Lloyd's, which has appealed. The centuries-old insurance market is trying to rebuild an international reputation besmirched by the legal and financial problems of its recent past.

Mr Anthony Nelson, a UK minister for trade, described as "erroneous" the view expressed by two of the three judges presiding over the case that Lloyd's was a "business corporation" and subject to the rules of normal international commerce.

"The business of insurance at Lloyd's is carried on by the members [Names] and not by the corporation," he said. He added that Names wanting to litigate would "receive fair, unbiased and speedy justice in English courts".

But the California-based American Names Association, which is backing the legal action as part of a continuing campaign against Lloyd's, dismissed Mr Nelson's comments.

Mr Richard Rosenblatt, a representative of the association, said: "I don't think the courts will look kindly on the interference by the British government in domestic matters of the US. They have done their own cause more damage than good."

The association, which will be holding a street demonstration in New York next week, continues to allege fraud and to attack the system of self-regulation at Lloyd's.

The appeals court made no judgment on the facts. It said clauses in contracts signed by Names - agreeing that complaints should be handled by English courts - should be voided because they violated US law.

"A plain, speedy and adequate remedy for the wrongs alleged by the plaintiffs is not shown to exist in Britain," the court said in its original judgment, which also described Lloyd's as a "business corporation so powerful that it has obtained from the British legislature substantial immunities".

This is not the first time the UK government has intervened in litigation against Lloyd's. It wrote a letter supporting the insurance market last August, when the success of a plan to reinsure more than \$2bn (£12.7bn) in losses suffered by Lloyd's from 1988 to 1992 was threatened by a court ruling in Virginia.

On this occasion, Lloyd's is hoping that Mr Chuck Quackenbush, California's own insurance commissioner, will come out on its side. Mr Quackenbush was unavailable for comment yesterday.

Lloyd's has filed for a rehearing of the case which was originally brought by 574 Names. It wants a bigger panel of judges involved and is prepared to go to the US Supreme Court if necessary.

The insurance market yesterday denied in an English High Court separate allegations that it had committed fraud by recruiting new members while hiding knowledge of its losses.

## How soccer teams up with trade unionism

**M**r Gordon Taylor is not a typical trade union leader. The chief executive of the Professional Footballers' Association is paid a package worth £200,000 (\$477,000) a year - more than any of his counterparts in the Trades Union Congress, including those who lead much bigger unions.

His union also represents the likes of Alan Shearer, the Newcastle and England striker who earns something like £2m annually.

With a membership of nearly 4,000, including 1,361 trainees, the PFA speaks for practically all of England's professional players, from international superstars to obscure stalwarts in the lower leagues who earn a hundred times less than their more famous fellow trade unionists.

Mr Taylor, himself a former player, insists that his members have much in common with other trade union members. "They'll have the same problems if they are faced with an injury and have to retire of needing a job when they finish playing - it is an average eight-year career. We lose 50 players a year through permanent injury. They have the same

problems of coming to terms with life outside football. We need to train them all for the future."

If this sounds rather paternalistic, that could be because the PFA's management committee is made up of seasoned professionals well aware that a player's glory days do not last for ever.

The PFA is a joint trustee - with the Football League and FA Premier League - of the players' pension scheme and financially supports projects providing medical insurance and equipment. It also funds community development programmes, youth training, drug awareness and anti-racism campaigns.

The organisation can dispense so much largesse because it enjoys consider-

**Andrew Bolger  
meets Gordon  
Taylor,  
influential  
chief of the  
Professional  
Footballers'  
Association**



"You don't want  
Premier club  
chairmen saying:  
'We have a duty to  
maximise profits for  
shareholders'."  
Gordon Taylor

able revenues from television. Last season it received fees totalling £2.5m from satellite and terrestrial broadcasters - more than half its total income of £2m.

The PFA also sits with employers on the Professional Football Negotiating Committee, which meets four times a year and discusses all aspects of the players' conditions.

"It has proved a very effective collective bargaining agreement," says Mr Taylor.

Yet relationships with the employers are not always cosy. The PFA receives its television cash under a long-standing agreement that waives payments to players in exchange for the association receiving a cut of revenues. When the Football League last autumn sought to reduce the union's share of these ballooning amounts,

the association promptly organised a strike ballot.

Still, the PFA remains an unusual union. Last season it gave loans "to help with temporary cashflow problems to protect players' wages" to five clubs. Mr Taylor acknowledges that not many unions can afford to prop up failing employers, but has no qualms about doing so. "We feel we should keep the dream factory alive."

**T**he present structure of 92 clubs in England is sustainable, Mr Taylor believes, but he says it is going to be extremely difficult without bigger subsidies from the strong to the weak.

He is concerned by the implications of the recent television deals, which gave £20m a year to the 20 Pre-

rier League clubs, but only £25m between the other 72 Football League clubs.

"You don't want the chairman of the Premier clubs saying: 'Well, we now have a duty to maximise profits for our shareholders'. Because that means they are then becoming responsible to the City of London's rules, rather than what is best for the game of football."

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rier League clubs, but only £25m between the other 72 Football League clubs.

## NEWS: INTERNATIONAL

# Zaire rebel's 30-year wait for recognition

By Michel Wrong in Nairobi

There was a telling moment during the press conference Zaire's rebels staged to announce the weekend capture of the town of Kisangani. A journalist asked whether their leader considered the fact that a UN envoy had flown to Goma to meet him a sign his movement had won international recognition.

Mr Laurent Kabila, head of the Alliance of Democratic Forces for the Liberation of Congo-Zaire (ADF), hesitated and turned to one of his aides as though to ask: "What do I think?" It was his aide who delivered the polished response - what mattered most was recognition by the Zairian people, not the international community.

The exchange was revealing because, ever since the uprising exploded in the east five months ago, analysts



Laurent Kabila: adept at manipulating the western media

have been pondering to what extent Mr Kabila is his own man, to what extent the instrument of the Ugandan and Rwandan governments.

The question is prompted by knowledge of Mr Kabila's career. The portly 56-year-old has spent the last 30 years work-

ing for the downfall of Zaire's President Mobutu Sese Seko. So it is hard to believe his sudden success after decades of obscurity is not the result of some vital new ingredient - whether weapons, funds, advice or brainpower - being added to the revolutionary mix.

When the ADF launched its campaign in the hills south of Uvira, Mr Kabila was regarded by fellow Zairians as a puppet of Rwanda's Tutsi regime. A native of Zaire's Shaba province, he had been chosen, they argued, so the ADF could present itself as something more than a mono-ethnic movement committed to protecting Zaire's threatened Banyamulenge Tutsis.

But, since then, the man has acquired a stature of his own. In east Zaire he has proved adept at manipulating the western media and ensuring a "clean" image of the civil war is presented to the world. Cheerful and

private jet to try to salvage what remains of his authority in Zaire in the face of relentless rebel advances. A welcoming committee of senior military men and members of the government waited for about 20 minutes to greet him before withdrawing. It was later asked to go to his official residence to wait.

President Mobutu Sese Seko's aircraft landed in Zaire's capital yesterday but the veteran leader did not immediately appear, causing considerable confusion about his state of health. Reuter reports from Kinshasa, Mr Mobutu, who has just had fresh cancer treatment, left France earlier in the day aboard a

private jet to try to salvage what remains of his authority in Zaire in the face of relentless rebel advances. A welcoming committee of senior military men and members of the government waited for about 20 minutes to greet him before withdrawing. It was later asked to go to his official residence to wait.

launched the Simba rebellion. In the cold war context, the struggle attracted the attention of Ernesto "Che" Guevara, the legendary guerrilla, who flew in with a contingent of Cuban fighters to give his support.

It was to prove one of the most disillusioning experiences of Mr Guevara's career. He wrote bitter letters back to President Fidel Castro, complaining about the Simbas' lack of commitment.

After Mr Lumumba's assassination, the two men

party (PRP), which based itself near Uvira in the mountains west of Lake Tanganyika. There the party set up a state within a state, funding its activities through ivory trading and gold production. The rebels briefly grabbed the headlines when they kidnapped four American students in 1974, swapping them for captured PRP members.

But if he had vanished from public view, Mr Kabila was still campaigning, traversing Africa to meet former Tanzanian president Julius Nyerere and forge ties with Uganda's President Yoweri Museveni. "My long years of struggle were like spreading fertiliser on a field," he says. "Now it is time to harvest." Then in October 1996, as Zaire's army cracked down on the Banyamulenge, came the formation of the four-party ADF.

Despite his age, Mr Kabila has proved surprisingly adaptable. Marxism, bound



to scare western governments and possible investors, has been abandoned in favour of free-market policies. Many changes, diplomats say, may be the work of well-educated, well-funded Zaireans returning from exile to join the movement. His stated aim of marching on Kinshasa no longer seems entirely visible, but Mr Kabila faces the formidable task of building a new state from the ruins of the old. The getting-by society. Weekend FT, separate section

## Pakistan to cut taxes and tariffs

By Farhan Bokhari in Islamabad

Pakistan is planning next week to slash its import tariffs and cut corporate and personal taxes by a substantial margin, in a renewed effort to seek fresh credits from the International Monetary Fund for its troubled economy. The cuts will be unveiled in an economic reform package, due to be announced by Mr Nawaz Sharif, the prime minister.

The package follows yesterday's departure of an IMF mission from Pakistan at the end of week-long discussions over the future of a \$3.3bn standby loan agreement. Pakistani officials said the government and the Fund agreed to suspend the standby loan but decided to consider replacing it with a longer term agreement if the country could introduce real reforms. Although the worth of the proposed loan was not made public, it is understood to be at least \$1bn.

An official announcement from the finance ministry said: "The IMF mission welcomed the government's intention to move forward on a bold programme of structural reforms."

Pakistani officials said Islamabad was anxious to avoid uncertainty in international markets which would make it hard for the country to raise some of the \$2bn it needs by June for debt repayments. One official said Mr Sharif "had decided to pay for high stakes rather than indulge in piecemeal reforms. He would unveil a substantial package in one go."

Although the government gave no indication on the extent of the tariff cuts, the official said that they might be in the 10-20 per cent range and would represent one of the largest cuts in one go.

Pakistan's tariffs of up to 65 per cent have been the source of criticism from the country's western lenders, which are convinced that high tariff barriers give unnecessary protection to industry.

Tax rates of 35.5 per cent on personal income and 36 per cent for corporate income were also planned to be lowered but the government had not decided the extent of the cut, added another official.

Mr Sarfraz Ariz, finance minister, defended the decision to abandon the standby agreement before its completion in September, and said Pakistan needed a broad agenda to revive its economy and increase imports rather than work towards only short-term stabilisation of the economy. "The standby agenda, in our view, was focused primarily on stabilisation measures," he said.

Independent economists and businessmen, however, said the government's agreement to a new deal came after it became clear that Pakistan might fail to meet the Fund's condition of reducing its budget deficit to 4.5 per cent of gross domestic product this year, which might cause a suspension of the standby agreement.

The prospect of an IMF loan suspension would have created turmoil. Sharif's pro-reform reforms may also give him a chance to win if they succeed in Karachi last

Memorandums of understanding are being misused

## Malaysia targets companies that break overseas promises

By James Kyng in Kuala Lumpur

Authorities took aim this week at an unusual Malaysian problem: the large number of overseas business ventures that local companies promise to undertake but secretly have no intention of pursuing.

The trait of signing memorandums of understanding (MOUs) abroad and then doing nothing to follow them up has become commonplace enough for one or two prominent local businessmen to have earned such nicknames as "Mr MOU".

The phantom MOUs appear for a variety of reasons. Some unscrupulous businesses obtain them to sell on to others for a profit, Mr Abdullah Badawi, the foreign minister, said.

"These companies try to hawk the projects off to other companies here, and when they are unsuccessful the MOUs are not fulfilled," Mr Abdullah told journalists. Neither he nor other officials would name the offending Malaysian companies.

In other cases the memorandums are

signed with a view to boosting share prices on the Kuala Lumpur Stock Exchange, where good news - even if it is quite superficial - often triggers a buying spree. The fact that the proposed ventures are in foreign countries with which Malaysians have little familiarity does not seem to dampen enthusiasm.

A third reason for the MOUs, officials said, was a misguided desire among some businesses to find favour with Malaysian leaders through proactive overseas initiatives. The government has for some years been urging local companies to diversify abroad.

The result, however, has been that 363 MOUs signed by local companies with foreigners, 174 are not being implemented. This includes 41 out of 103 signed in China, three out of 11 in Cambodia and Laos, 41 out of 41 in Vietnam, five out of 23 in the Philippines and many more in other countries, according to official figures. Of course, some of the undertakings fell through because of the attitudes of foreign partners.

The Securities Commission last October began its first prosecution of a company for allegedly making misleading statements to the stock exchange.

The boss of Repco, a local timber and gaming company, is charged with publishing a profit forecast which assumed earnings from an overseas gaming licence which had not been granted.

Mr Rafidah Aziz, minister for international trade and industry, said that the unfulfilled MOUs threatened to tarnish Malaysia's image.

"Some [businessmen] signed in front

of me or the prime minister [Dr Mahathir Mohamad] or other heads of government. If the agreement or MOU fails, it will obviously give a bad image to the country," Ms Rafidah said.

The government recommended that authorities in foreign countries should check the credentials of potential Malaysian investors with the nearest Malaysian diplomatic mission.

At home, the stock market's watchdog body has also been taking steps to ensure that investors are not duped.

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## N Korea needs 1m tons of food to avoid famine

By Peter Montagnon, Asia Editor

North Korea is weeks away from running out of food and needs an extra 1m tons of grain to prevent its people suffering widespread famine, a senior United Nations official said yesterday.

Public rations of rice have already been reduced to 100 grammes daily, equivalent to just 350 calories, which is simply not enough to survive, Ms Catherine Bertini, executive director of the UN World Food Programme, said in the bleakest assessment yet of North Korea's food situation.

Ms Bertini, who has just returned from Pyongyang, said that even in food-producing areas in the south she saw schoolchildren displaying symptoms of malnutrition: red-tinted hair, distended stomachs and skeletal limbs.

Korean officials told her that in the north, from

which UN officials have hitherto been denied access, the population was eating ground up stalks of maize and rice which had no nutritional value. Cases of intestinal bleeding had proliferated as people started to consume tree bark.

"This is famine in the making," she said. "By the summer the situation is going to be very dire."

While the outside world had been aware of food shortages in North Korea for some time, there was growing evidence that the government was becoming desperate, she said. Korean officials had begged her to ask the US to speed up previously agreed aid shipments that were due to arrive in May. They said they needed the rice in April.

Pyongyang was also seeking maize and wheat, which is not a staple food but a cheaper source of nourishment than rice. Even army rations had been reduced to

## Chicago's O'Hare tops world airport rankings

By Michael Skupin, Aerospace Correspondent

Chicago's O'Hare retained its position as the world's busiest airport last year, handling 69.3m passengers, according to Airports Council International.

Atlanta remained in second place with 63.3m passengers. Atlanta's passenger numbers were up 9.7 per cent on 1995, compared with growth of only 2.8 per cent at O'Hare.

Los Angeles was in third place with 57.9m passengers. London's Heathrow was the fourth busiest airport with 56m passengers, followed by Dallas/Fort Worth with 55.1m.

The remaining airports in the top 10 were Tokyo, in sixth place, with 46.6m, San Francisco (39.2m), Frankfurt

(38.8m), Seoul (34.7m) and Miami (33.5m).

The Geneva-based ACI, which represents airports in 150 countries, said preliminary data showed that total passenger numbers last year grew by 6.1 per cent to 1.2bn.

European air traffic was up 6.2 per cent to 73.3m. Africa rose 4.8 per cent to 29.2m and the Middle East was up 5.2 per cent to 45m.

The slowest growing region was Latin America and the Caribbean where passenger numbers rose by only 1.6 per cent to 87.3m. Mr Belukha said Latin America had been held back by disappointing growth at Mexican and Venezuelan airports.

The increase in the number of aircraft movements was far smaller at 1.7 per cent, reflecting airlines' increased use of larger aircraft.

The fastest growing region was Asia-Pacific, where passenger numbers were up 6.9 per cent to

10.1m. World cargo traffic grew 5.9 per cent. Cargo traffic grew by 5.7 per cent in North America, 6.5 per cent in Asia-Pacific and 4.5 per cent in Europe.

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## NEWS: UK

Californian Names protest as ministers dismiss judges' decision as 'erroneous'

## US ruling on Lloyd's attacked

By Christopher Adams in London  
and John Authors in New York

The UK government has written to a Californian appeals court attacking a decision which allowed US investors in Lloyd's of London to sue the insurance market under US securities fraud and racketeering legislation.

Its action prompted a storm of protest from some US Names - individuals whose assets have traditionally supported the insurance market - who are continuing to fight the matter in the courts.

The Names allege they were defrauded by being placed on syndicates which reinsurance asbestos and toxic waste claims, or had a heavy concentration of risks. They say Lloyd's knew the syndicates carried big losses but did not disclose them. The ruling in the US appeals court reversed an earlier decision by a district court which dismissed the Names' claims that they should be

able to sue Lloyd's in the US.

It was an unwelcome embarrassment to Lloyd's, which has appealed. The centuries-old insurance market is trying to rebuild an international reputation besmirched by the legal and financial problems of its recent past.

Mr Anthony Nelson, a UK minister for trade, described as "erroneous" the view expressed by two of the three judges presiding over the case that Lloyd's was a "business corporation" and subject to the rules of normal international commerce.

"The business of insurance at Lloyd's is carried on by the members [Names] and not by the corporation," he said. He added that Names wanting to litigate would "receive fair, unbiased and speedy justice in English courts".

But the California-based American Names Association, which is backing the legal action as part of a continuing campaign against Lloyd's, dismissed Mr Nelson's comments.

Mr Richard Rosenblatt, a representative of the association, said: "I don't think the courts will look kindly on the interference by the British government in domestic matters of the US. They have done their own cause more damage than good."

The association, which will be holding a street demonstration in New York next week, continues to allege fraud and to attack the system of self-regulation at Lloyd's.

The appeals court made no judgment on the facts. It said clauses in contracts signed by Names - agreeing that complaints should be handled by English courts - should be voided because they violated US law.

"A plain, speedy and adequate remedy for the wrongs alleged by the plaintiffs is not shown to exist in Britain," the court said in its original judgment, which also described Lloyd's as "a business corporation so powerful that it has obtained from the British legislature substantial immunities".

This is not the first time the UK government has intervened in litigation against Lloyd's. It wrote a letter supporting the insurance market last August, when the success of a plan to reinsure more than \$2bn (£12.7bn) in losses suffered by Lloyd's from 1988 to 1992 was threatened by a court ruling in Virginia.

On this occasion, Lloyd's is hoping that Mr Chuck Quackenbush, California's own insurance commissioner, will come out on its side. Mr Quackenbush was unavailable for comment yesterday.

Lloyd's has filed for a rehearing of the case which was originally brought by 574 Names. It wants a bigger panel of judges involved and is prepared to go to the US Supreme Court if necessary.

The insurance market yesterday denied in an English High Court separate allegations that it had committed fraud by recruiting new members while hiding knowledge of its losses.

## How soccer teams up with trade unionism

**M**r Gordon Taylor is not a typical trade union leader. The chief executive of the Professional Footballers' Association is paid a package worth £200,000 (\$477,000) a year - more than any of his counterparts in the Trades Union Congress, including those who lead much bigger unions.

His union also represents the likes of Alan Shearer, the Newcastle and England striker who earns something like £2m annually.

With a membership of nearly 4,000, including 1,361 trainees, the PFA speaks for practically all of England's professional players, from international superstars to obscure stalwarts in the lower leagues who earn a hundred times less than their more famous fellow trade unionists.

Mr Taylor, himself a former player, insists that his members have much in common with other trade union members. "They'll have the same problems if they are faced with an injury and have to retire of needing a job when they finish playing - it is an average eight-year career. We lose 50 players a year through permanent injury. They have the same

problems of coming to terms with life outside football. We need to train them all for the future."

If this sounds rather paternalistic, that could be because the PFA's management committee is made up of seasoned professionals well aware that a player's glory days do not last for ever.

The PFA is a joint trustee - with the Football League and FA Premier League - of the players' pension scheme and financially supports projects providing medical insurance and equipment. It also funds community development programmes, youth training, drug awareness and anti-racism campaigns.

The organisation can dispense so much largesse because it enjoys consider-

**Andrew Bolger  
meets Gordon  
Taylor,  
influential  
chief of the  
Professional  
Footballers'  
Association**



"You don't want  
Premier club  
chairmen saying:  
'We have a duty to  
maximise profits for  
shareholders'."  
Gordon Taylor

able revenues from television. Last season it received fees totalling £2.5m from satellite and terrestrial broadcasters - more than half its total income of £2m.

The PFA also sits with employers on the Professional Football Negotiating Committee, which meets four times a year and discusses all aspects of the players' conditions.

"It has proved a very effective collective bargaining agreement," says Mr Taylor.

Yet relationships with the employers are not always cosy. The PFA receives its television cash under a long-standing agreement that waives payments to players in exchange for the association receiving a cut of revenues. When the Football League last autumn sought to reduce the union's share of these ballooning amounts,

the association promptly organised a strike ballot.

Still, the PFA remains an unusual union. Last season it gave loans "to help with temporary cashflow problems to protect players' wages" to five clubs. Mr Taylor acknowledges that not many unions can afford to prop up failing employers, but has no qualms about doing so. "We feel we should keep the dream factory alive."

**T**he present structure of 92 clubs in England is sustainable, Mr Taylor believes, but he says it is going to be extremely difficult without bigger subsidies from the strong to the weak.

He is concerned by the implications of the recent television deals, which gave £20m a year to the 20 Pre-

rier League clubs, but only £25m between the other 72 Football League clubs.

"You don't want the chairman of the Premier clubs saying: 'Well, we now have a duty to maximise profits for our shareholders'. Because that means they are then becoming responsible to the City of London's rules, rather than what is best for the game of football."

"In England, as opposed to Europe, we don't appreciate what we have on our own doorstep."

"I wouldn't want a system in this country like in Holland, where there is a monopoly on success by Ajax; like Spain, where there is a monopoly by Real Madrid and Barcelona; like Italy, with Juventus and Milan; Germany, with Bayern Munich - even Scotland, with Rangers."

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## COMMODITIES AND AGRICULTURE

# Copper up as base metals dip

## MARKETS REPORT

By Susanna Voyle

Base metals prices fell on the London Metal Exchange yesterday with only copper bucking the trend and ending the day stronger.

Prices of many of the metals had rallied on Thursday, led by copper, which staged a small rally after recent losses as people covered their "short" positions - speculative bets that the market would fall.

Yesterday's losers were led by tin, which slumped by \$100 to close at \$5,925 a tonne after stocks rose by 10 tonnes. Traders said that if support failed to hold at \$5,900, prices could quickly test \$5,870. Nickel also suffered because of an increase in stocks finishing the day 95-easier at \$7,365 a tonne, just above the day's lows.

Aluminium fell in spite of a stocks draw of 5,525 tonnes, traders had been expecting a much larger fall and prices ended the day \$12 lower at \$5,657 a tonne.

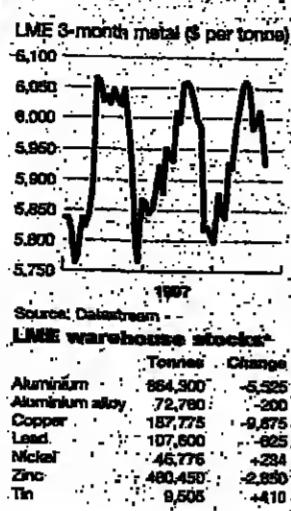
At the end of the afternoon "Kerb" trading session copper closed at \$2,368 a tonne, up \$16.50 on the day - but only marginally higher than the week's opening levels. Earlier in the day it had reached \$2,375.

Palladium prices rose sharply in late trading, driven by fund buying, and gold prices rose to their wake. Palladium in London ended the day up \$1.50 at \$15.50 a Troy ounce.

At one point prices rose as high as \$155, some \$6 up from the day's lows.

Gold was helped by both

LME 3-month metal (\$ per tonne)



Source: Datamstream - LME warehouse stocks

Tonnes Change

Aluminium ... 564,300 -5,525

Aluminium alloy ... 72,769 -200

Copper ... 187,770 -2,675

Lead (tonne) ... 107,000 -2,625

Lithium ... 1,000 -250

Zinc ... 450,450 -2,250

Tin ... 9,505 -440

Total daily turnover ... 5,655

Tonnes Change

Close ... 564,300 -5,525

Previous ... 569,935 -5,450

High/low ... 565,691

AM Official ... 603,94 -593,93

Kerb close ... 602,43

Open Int. ... 38,077

Total daily turnover ... 6,655

Tonnes Change

Close ... 7003,45 7045,55

Previous ... 7005,005 7010,15

High/low ... 7008,750

AM Official ... 7070,71 7084,85

Kerb close ... 7050,55

Open Int. ... 49,929

Total daily turnover ... 5,643

Tonnes Change

Close ... 5880,90 5862,30

Previous ... 5895,605 5870,00

High/low ... 5870,00

AM Official ... 5900,910 5890,55

Kerb close ... 5925,30

Open Int. ... 18,068

Total daily turnover ... 4,908

Tonnes Change

Close ... 1278,79 1301-02

Previous ... 1278,60 1301-02

High/low ... 1278,79

AM Official ... 1277,73 1298,95

Kerb close ... 1297,98

Open Int. ... 86,587

Total daily turnover ... 16,389

Tonnes Change

Close ... 2417,20 2423,64

Previous ... 2366,69 2410-05

High/low ... 2374,2555

AM Official ... 2412,15-22,5 2370-71

Kerb close ... 2369-70

Open Int. ... 136,381

Total daily turnover ... 41,076

Tonnes Change

Close ... 5100,00 5100,00

Previous ... 5100,00 5100,00

High/low ... 5100,00 5100,00

AM Official ... 5100,00 5100,00

Kerb close ... 5100,00 5100,00

Open Int. ... 106,55

Total daily turnover ... 106,55

Tonnes Change

Close ... 5100,00 5100,00

Previous ... 5100,00 5100,00

High/low ... 5100,00 5100,00

AM Official ... 5100,00 5100,00

Kerb close ... 5100,00 5100,00

Open Int. ... 106,55

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Tonnes Change

## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700  
Saturday March 22 1997

## The rate for the jobs

In the Delphic rituals of US interest rate setting, Mr Alan Greenspan, chairman of the Federal Reserve, seemed this week to show a nice sense of history. Seemed, of course. No bankable prophecies can be made from the fact that on Thursday he followed the same pattern as in February 1994, when the US Federal Funds rate started its 12-month climb from 3 per cent to 6 per cent.

Then as now, Mr Greenspan chose to address Congress's Joint Economic Committee, shortly before an important meeting of the Federal Open Market Committee. Commentators speculated that this time also Mr Greenspan was preparing the markets for bad news.

Although it is now widely expected that the committee will agree on Tuesday to raise the rate by 1/4 percentage point to 5 1/4 per cent, it will face a difficult decision. Despite the steady fall in unemployment as the economy continues to expand at around 4 per cent a year, plenty of US congressmen think that higher interest rates are just what the jobs market does not need. And respectable arguments can be advanced that although the present US unemployment rate of 5.4 per cent is the lowest since 1982, this may not be a sign, in a more flexible labour market, that inflationary pressures are about to burst out.

Survey data suggest that in the 1990s the proportion of those employed by large firms who fear the sack rose from a quarter to nearly a half. Such insecurity, combined with the cost pressures resulting from a strong dollar, might well mean that the engines of growth can be run at higher revolutions than in the past.

But if so, exactly how much further can unemployment be allowed to fall before shortages of labour start to drive up wages and then prices? This is now the most important question, in the UK as well as the US, behind the authorities' decisions on tightening monetary policy. And nobody quite knows the answer.

### High unemployment

In Germany and France, unemployment is so high that, for the time being, this question does not matter very much. However, in the US and the UK, output is now on some estimates quite close to full capacity, as measured by long-run trends. So the question is: have workers changed their habits?

In the US, the fact that consumer prices have remained unexpectedly subdued, while output has grown fast is prima facie evidence that this is indeed so.

As Mr Greenspan put it: "The rate of pay increase was markedly less than historical relationships with labour market conditions would have predicted." Has something similar been going on in the UK, where the fear of being fired has also made workers remarkably more subdued in recent years?

### Lively argument

The answer is to some extent "yes". But the Treasury and the Bank of England have been conducting a lively argument as to how much the labour market has changed, as they wrangle over the 1/4 point base rate rise which Mr Kenneth Clarke, the chancellor, refuses to agree.

In the UK, as in the US, the fall in unemployment, down again last week to 6.2 per cent of the workforce, has been faster than most people expected and inflation (at 2.9 per cent in February) has remained more dangerous for the government - and, in particular, for Mr John Major, the prime minister.

With a general election just six weeks away, questions are now being raised about whether the prime minister should have acted more resolutely over the charges - and whether, in recent days, he personally tried to scupper an official inquiry into the case.

This hyzantine row originates in the late 1980s, during the closing years of Mrs Margaret Thatcher's period as prime minister.

Mr Mohamed Fayed, the Egyptian-born chairman of Harrods, was waging a vigorous campaign against critics of his take-over of House of Fraser. They had accused him of disguising his humble origins and lack of wealth to buy the store group.

When a Department of Trade and Industry inquiry was mounted into the affair in April 1987, Mr Fayed began a campaign of intense lobbying to put his case. With the help of Mr Ian Greer, a prominent lobbyist, he sought the support of several MPs to advocate his case in parliament - including Mr Hamilton, Mr Smith and Sir Michael Grylls, a senior backbencher.

But in 1994, the Harrods boss

prompted by his failure to get British citizenship and raging at "corruption" in high places - made a series of allegations about payments to the MPs which he claimed ran into tens of thousands of pounds.

In September of that year, he informed the prime minister - through an intermediary - about the allegations. He alleged the MPs had failed to record the payments on the register of members' interests. After 20 days, angered at what he felt was Mr Major's failure to act, he passed the details to The Guardian, the left-leaning newspaper, triggering the resignation of Mr Hamilton and Mr Smith as ministers.

In the two years since, the MPs have vigorously rebutted the charges. Mr Hamilton launched a libel action against The Guardian but withdrew in October after he said he could not afford to pursue his case. The allegations were then passed by Mr Fayed and The Guardian to Sir Gordon Downey, the independent commissioner for standards.

Sir Gordon had been due to hand his report - arguably the last word on this epic case - to the Commons committee on standards and privileges next Monday. But Mr Major's decision to end Commons business ahead of the general election required the committee's dissolution by this weekend. The Guardian yesterday published parts of the evidence it had received as a party to Sir Gordon's inquiry - a step that would not have completed the interviews and discussions necessary to reach its conclusions.

Throughout this affair, the gravest charges have been levelled against Sir Gordon's timeliness. He says that even if parliament had sat until April 8 (the date of final dissolution), the committee would not have completed the interviews and discussions necessary to reach its conclusions.

Second, Mr Major is accused of appointing Mr Tim Smith as a Northern Ireland minister in 1984, five years after the MP had confessed failure to declare his gains from Mr Fayed to Mr David Waddington, then Conservative chief whip. Mr Waddington advised him to register the latest hatch of payments with the Commons authorities, which he promptly did. But Downing Street said yesterday Mr Major had not known about this conversation until October 1994.

Third, the prime minister is accused of unnecessary delay in removing Mr Smith from office once he learnt of the payments.

Mr Fayed made his allegations to the prime minister via an intermediary on September 29 1994. Mr Major immediately asked Sir Robin Butler, the cabinet secretary, to conduct an inquiry into the case.

On October 10, Mr Smith admitted to Sir Robin that he had indeed received the payments. But Mr Smith did not resign until The Guardian published the allegations on October 20.

Downing Street argues Mr Major received Sir Robin's final report on the issue only on October 18 - the day he returned from the Conservative party's annual conference. Mr Smith was required to leave office two days later.

A verdict on these questions and allegations is contained in Sir Gordon's report. This weekend, it remains locked in a cupboard in his office - and it will stay there until after the election when the new House of Commons will consider its findings.

Until then, no one - not even The Guardian - knows what his judgments are. But the damage to the Conservatives and to parliament's reputation as a regulator of its affairs has been done.

The cash-for-questions issue has undermined the Tories' strategy, says John Kampfner

## Bogged down by sleaze

Throughout the cash-for-questions affair and other tribulations, Mr Major's strategy has been to distance himself from his MPs. He is fighting the general election on a personal basis, urging voters to opt for him whatever they think of his party.

The events of the past few days have set back this strategy in two ways. They have knocked the Tory message of the week - a strong economy - off the front pages, doing nothing to help the party close its gap in the opinion polls which yesterday reached 27 percentage points in The Independent. More damaging, it has allowed Labour to challenge Mr Major's personal integrity.

Senior aides of Mr Major acknowledge that Labour won the media battle over the first week. "This has deprived us of so many opportunities to get the show on the road," says one.

Mr Major and his advisers are furious. They believe Mr Tony Blair's team waited 24 hours after Mr Major's announcement of the election date to raise the issue of the timing of proroga-

tion of parliament and Sir Gordon Downey's report. And they say the Commons standards committee would have taken a long time to reach a decision after receiving Sir Gordon's report on allegations against Mr Neil Hamilton and his colleagues.

Yet some Tory MPs are unhappy with the way Mr Major has handled the tawdry business.

"This is the best example yet of John Major's characteristic blend of incompetence and concealment," says a former cabinet member. Another ex-minister mocked the prime minister's attempts to distance himself

from his party. "Honest John" has been a good public relations exercise, but we're not taken in by it," he said. "It's a pretty sad state of affairs when you have a prime minister pretending to be a victim of his party's actions."

Mr Major claims to be the champion of the fight against sleaze. He points to his creation of the Nolan committee on standards in public life - to the fury of many of his backbenchers - in 1994.

Yet Labour is making much of the government's opposition last year to Lord Nolan's proposal to force MPs to declare the amount

of money they earn from outside interests. Last year, the Tories, hostile to constitutional change, amended the 300-year-old Bill of Rights to help Mr Hamilton sue the Guardian newspaper. Furthermore, the party says, Mr Major has refused to lift the secrecy surrounding party funding. Tory coffers recovered from a £19m deficit to a surplus of up to £40m over a few years.

Yet according to a recent survey by Mori, only 8 per cent of voters regard "morality and individual behaviour" as important in determining which party they would vote for.

"Nobody out there cares about any of this," said a senior Tory official. "After all, we're not like the French or Italians."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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## Turkey gets a raw deal from Europe

**From M. Atac.**  
Sir, In his article "Polite hypocrisy" (March 19), Ian Davidson seems to overlook the long history of Turkish aspiration to adopt western political and social norms which started in the last 100 years.

At that time, while Turkey was struggling with many crises and drawing criticism from Europe, the idea of its being part of Europe was not questioned. The revolution under Ataturk that brought about the republic was the culmination of this century-long effort to modernise.

Until quite recently the rest of Europe praised Turkey for this historic endeavour. Today it seems everyone in Europe suddenly thinks Turkey is a hugely populous nation of strangers, badly afflicted by poverty, with a hostile religion and an unfamiliar political system.

## Shell's claim of environmental shift not yet credible

**From Mr Tony Juniper.**  
Sir, The remarks made by Shell this week in respect of its newfound environmental and social awareness ("Rights and Wrongs", March 18) will be warmly welcomed by environmental groups if a shift in policy and company activities results.

We are not, however, convinced that this shift has occurred. Shell's stance on climate change is illustrative of our concerns in this respect.

For example, Shell's senior managing director, Cor Herkster, announced this week that a shift to renewable energy was warranted because of expected

Turkey should not be treated as an alien, which may one day be eligible to enter the gates of Europe solely because of its membership of Nato or its strategic position.

**M. Atac,**  
Ahmet Mithat  
Eflendi Sok, 21  
06580 Çankaya,  
Ankara,  
Turkey

**From Mr Andrew Wigley.**

Sir, While the European Union's woes about Turkey continue ("Turkish trouble", March 10) Erbakan's decision to restrict Islamic militancy should be quite welcomed by the west.

Military sway in affairs of state, widespread corruption and infringement of political and press freedoms are understandable reasons for concern.

Yet Turkey has had to deal with a plethora of conflicting and inconsistent signals from Brussels. It is through continuing trade and economic relations that maximum influence can be brought to bear upon Turkey for more fundamental reform.

I share your regret, therefore, that at their meeting in Rome, EU Christian Democrats should permanently deny EU membership to Turkey, greatly reducing the EU's bargaining position in promoting democratic and political reform on the turbulent south-east of its continent.

The Christian Democrats have been much mistaken in identifying the alienation of Ankara as the path to progress.

**Andrew Wigley,**  
23 rue Général Capiaumont,  
1040 Brussels,  
Belgium

Their reaction to this call will be most interesting in respect of comparing what they say they support in their environmental and social policy, and what they actually do.

Friends of the Earth has written to Shell and other leading fossil-fuel-dependent companies

that belong to this organisation to urge them to terminate their membership and instead to call for urgent action to limit the emission of climate-changing gases.

How will they be able to argue credibly against a law which upholds the democratically expressed wish of a majority vote of employees?

Labour is right to stick to its guns, and employers have nothing to fear from these sensible - and long overdue - plans.

**Roger Lyons,**  
general secretary,  
MSF Centre,  
33-37 Moreland Street,  
London  
EC1V 5BB, UK

Jet 10/56



Under scrutiny: (left to right) Sir Gordon Downey whose investigation of sleaze allegations involving MPs including Tim Smith and Neil Hamilton was ordered by John Major

## Questions about questions

A controversy over parliamentary standards has become more dangerous for the UK prime minister, says James Blitz

over of House of Fraser. They had accused him of disguising his humble origins and lack of wealth to buy the store group.

When a Department of Trade and Industry inquiry was mounted into the affair in April 1987, Mr Fayed began a campaign of intense lobbying to put his case. With the help of Mr Ian Greer, a prominent lobbyist, he sought the support of several MPs to advocate his case in parliament - including Mr Hamilton, Mr Smith and Sir Michael Grylls, a senior backbencher.

But in 1994, the Harrods boss

prompted by his failure to get British citizenship and raging at "corruption" in high places - made a series of allegations about payments to the MPs which he claimed ran into tens of thousands of pounds.

In September of that year, he informed the prime minister - through an intermediary - about the allegations. He alleged the MPs had failed to record the payments on the register of members' interests. After 20 days, angered at what he felt was Mr Major's failure to act, he passed the details to The Guardian, the left-leaning newspaper, triggering the resignation of Mr Hamilton and Mr Smith as ministers.

In the two years since, the MPs have vigorously rebutted the charges. Mr Hamilton launched a libel action against The Guardian but withdrew in October after he said he could not afford to pursue his case. The allegations were then passed by Mr Fayed and The Guardian to Sir Gordon Downey, the independent commissioner for standards.

Sir Gordon had been due to hand his report - arguably the last word on this epic case - to the Commons committee on standards and privileges next Monday. But Mr Major's decision to end Commons business ahead of the general election required the committee's dissolution by this weekend. The Guardian yesterday published parts of the evidence it had received as a party to Sir Gordon's inquiry - a step that would not have completed the interviews and discussions necessary to reach its conclusions.

Throughout this affair, the gravest charges have been levelled against Sir Gordon's timeliness. He says that even if parliament had sat until April 8 (the date of final dissolution), the committee would not have completed the interviews and discussions necessary to reach its conclusions.

Second, Mr Major is accused of appointing Mr Tim Smith as a Northern Ireland minister in 1984, five years after the MP had confessed failure to declare his gains from Mr Fayed to Mr David Waddington, then Conservative chief whip. Mr Waddington advised him to register the latest hatch of payments with the Commons authorities, which he promptly did. But Downing Street said yesterday Mr Major had not known about this conversation until October 1994.

The cash-for-questions issue has undermined the Tories' strategy, says John Kampfner

from his party. "Honest John" has been a good public relations exercise, but we're not taken in by it," he said. "It's a pretty sad state of affairs when you have a prime minister pretending to be a victim of his party's actions."

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## COMMENT &amp; ANALYSIS

Man in the News · Benjamin Netanyahu

# Life and death negotiations

Judy Dempsey on the crisis provoked by the Israeli prime minister's tough stance

**I**sraelis were yesterday looking forward to celebrating Purim, one of the happiest holidays in the Jewish calendar. Their expectations were shattered when a bomb ripped through a packed cafe in central Tel Aviv, killing two civilians and the bomber, and injuring 44.

The attack came after one of the most tense weeks in Israel since September - when Mr Benjamin Netanyahu, the Israeli prime minister, opened an exit to a tunnel in the old city of Jerusalem, close to the Al-Aqsa Mosque, one of the Moslems' holiest sites. That decision led to violence between Palestinians and Israeli forces, leaving 76 dead.

On Tuesday, Mr Netanyahu ordered work to start on a new Jewish settlement at Har Homa in east Jerusalem which will cut off the Arab parts of the city from the Palestinian-controlled areas of the West Bank. He did so in spite of warnings from King Hussein of Jordan and senior Palestinian leaders that building in Har Homa undermined the principles of the Oslo Peace Accords and could lead to violence.

"We intended to build. We promised to build. And we are building," says Mr Netanyahu of the work begun on Har Homa.

On Thursday, Mr Netanyahu unveiled plans to wrap up the so-called final status talks on Israel's future borders within six months. The short time frame fuelled concerns among the opposition Labour party and Palestinians that the Israeli govern-

ment intended to bypass the 1995 interim agreement and could lead to violence.

Mr Yasser Arafat, president of the Palestinian Authority, asked his people not to resort to violence. But yesterday's terrorist attack, which police said was the work of a suicide bomber belonging to Hamas, the Islamic resistance movement, showed his difficulty in controlling it.

Mr Netanyahu's defiance of world opinion in going ahead with construction at Har Homa and in deciding to jump directly to final status talks have strengthened his credibility in the coalition - but seriously weakened the peace process.

The final status talks were intentionally left until later because they deal with the most sensitive issues of the entire peace process: Israel's future borders, the Jewish settlements, the fate of the 400 Palestinian refugees and - above all - Jerusalem. By putting them at the top of the peace agenda Mr Netanyahu, so his supporters believe, has regained the political initiative.

The Labour party, led by Mr Shimon Peres, is already involved in bitter leadership contest. The party, which cannot agree on whether the government should leap-frog to final status talks, is tearing itself apart over whether to join a national unity government.

Mr Ehud Barak, the former chief-of-staff and the Labour party's frontrunner for the leadership, believes that to move directly to final status talks would be a grave mistake. He says it would undo all the work

of the 1995 interim agreement and could lead to violence.

The interim agreement was designed to build trust between Israelis and Palestinians, says Mr Barak. But it was also constructed to strengthen the Palestinians' negotiating position before final status talks, scheduled to last until 1999. The Palestinians should have gained control of large swathes of territory in the West Bank, by the time those talks are in full swing, putting the physical foundations of a Palestinian state in place.

"And not only that," says Mr Shmuel Sandler, political scientist at Bar-Ilan University near Tel Aviv. "The interim agreement is supposed to give the Palestinians time to build a civil society, to move away from being a revolutionary movement to a democratic one."

"That could all be undone by Netanyahu," says Mr Sandler. "By jumping directly to the final status talks, the interim agreement will be bypassed. The Palestinians will be left with a very weak civil society. It will have no bargaining chips."

**T**he main leverage the Palestinians have always sought is land, vital for realising their aspirations for their own state. Under the terms of the interim agreement, an unspecified amount of land is supposed to be returned to the Palestinians after the completion next year of three Israeli troop withdrawals from the West Bank. But land is precisely the card Mr Netanyahu and his Likud government have

decided to hold on to tightly. "It is their greatest asset," says Mr Sandler.

This is another reason why Likud and its coalition partners support Mr Netanyahu's idea of going directly to the final status talks. "The coalition knows that, if it gives back land before those talks, it becomes an irreversible decision. That really scares the nationalists," says a senior government official.

The coalition began to understand this - and the implications of implementing the interim agreement - when Mr Netanyahu finally agreed last January to withdraw Israeli troops from Hebron. For Likud, which still believes Hebron and the West Bank is part of "Eretz Israel", the Jewish biblical homeland, that withdrawal was the beginning of the end of Israel's hold on the West Bank and a betrayal of Likud's principles. For the international community, it seemed to represent Mr Netanyahu's commitment to the peace process.

For a few weeks after Hebron there was a hope that some seeds of trust and confidence had been sown between Likud and the Palestinians. But Mr Netanyahu's decision this week on Har Homa and final status talks disbursed the Palestinians of that notion as much as it reassured his coalition partners that he was not disowning their principles.

"He never really liked it," says Mr Alexander Lubotzky, a Knesset member of the coalition's Third Way party. "It is not that he does not want peace. He simply does not believe that Oslo is the right framework."

Mr Martin Kramer, a political scientist at Tel Aviv University, says: "Everybody knows that the interim agreement is fraught with difficulties, but it is a process, a mechanism, one created to build confidence. I think Netanyahu believes he has reached an impasse with Oslo because he does not fundamentally believe in it. He fears it gives away too much too early."

The Palestinians will be loath to accept Mr Netanyahu's proposals, believing them to be a ploy, serving to deflect international attention from Har Homa and mollify his own coalition.

"We entered the peace talks as unequal partners," says Mr



Erekat. "Netanyahu holds all the cards."

But the Palestinians have waited 30 years for their state. "And they can wait a bit longer if Arafat can convince them, and if they refrain from violence," says Mr Kramer.

"Netanyahu's plan might crash. If it does, he may be forced to form a national unity government," adds Mr Kramer. "This would be more palatable to the Palestinians and more conducive to putting peace back on track".

**W**hen in 1994 the top executives of the five big US tobacco companies stood side-by-side before a Congressional subcommittee, raised their right hands, and swore that cigarette smoking was not addictive, it was a memorable moment. The scene attracted derision from those who pointed to the millions of smokers who had tried to quit smoking but failed.

Three years later, one has broken ranks with the rest and come clean: Liggett, the smallest of the five, plans to start labelling its cigarette packs with the warning "smoking is addictive" - arguably one of the biggest steps forward for US anti-smoking campaigners since health warnings began appearing on cigarette packs in 1966.

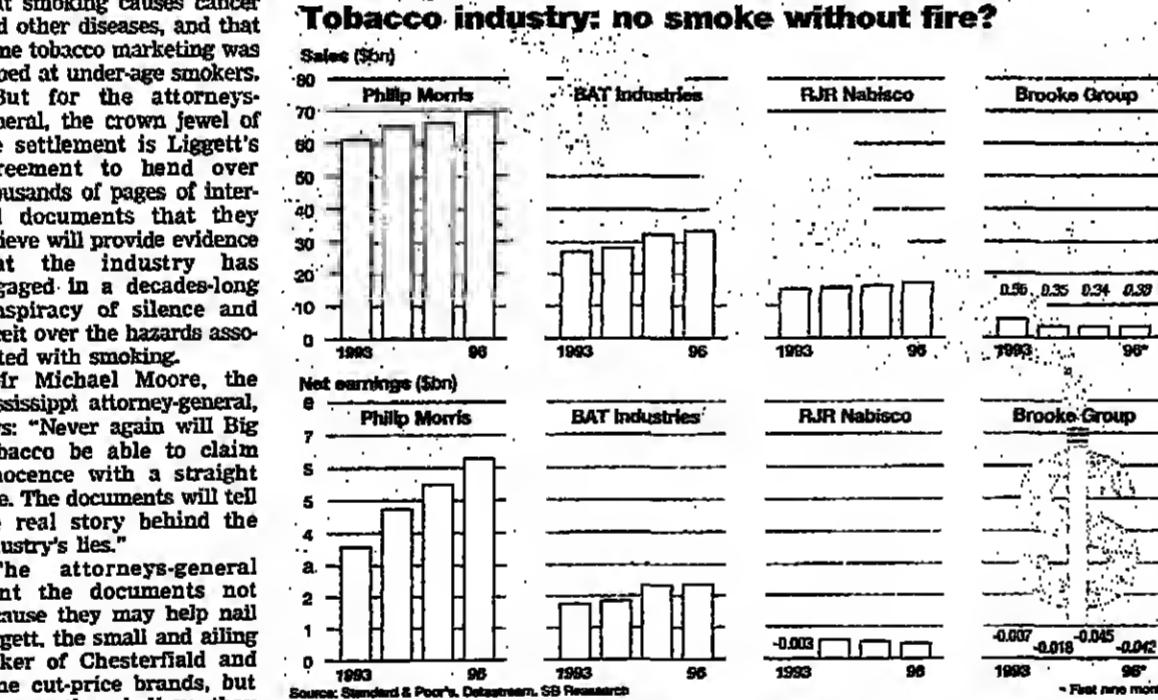
Mr Al Gore, the US vice-president, called the move "a historic victory for the American people", and said Liggett had "publicly acknowledged what we have all known for years" about smoking and the behaviour of the tobacco companies.

Liggett agreed to the move as part of a ground-breaking deal with the attorneys-general of 22 states that are suing US cigarette-makers to recover the costs they incur in treating smoking-related illnesses under public-sector healthcare programmes. Subject to court approval, the deal will also settle all present and future claims brought by or on behalf of individual smokers.

Under the deal, Liggett will gain immunity from litigation, but in return it will pay 25 per cent of its dwindling pre-tax profits over the next 25 years into a fund that will be divided among all those winning lawsuits against the industry. It will also acknowledge publicly

## Haunted by old flames

Richard Tomkins reports on why a US tobacco company has broken ranks on the dangers of smoking



that smoking causes cancer and other diseases, and that some tobacco marketing was aimed at under-age smokers. But for the attorneys-general, the crown jewel of the settlement is Liggett's agreement to hand over thousands of pages of internal documents that they believe will provide evidence that the industry has engaged in a decades-long conspiracy of silence and deceit over the hazards associated with smoking.

Mr Michael Moore, the Mississippi attorney-general, says: "Never again will Big Tobacco be able to claim innocence with a straight face. The documents will tell the real story behind the industry's lies."

The attorneys-general want the documents not because they may help nail Liggett, the small and ailing maker of Chesterfield and some cut-price brands, but because they believe they will give them the ammunition they need to attack the larger companies: Philip Morris, R.J.R. Nabisco, Brown & Williamson Tobacco - the US arm of Britain's BAT Industries - and, to a lesser extent, Lorillard.

The tobacco companies themselves seemed to give weight to this idea when they dashed into a North Carolina courtroom on Thursday to get a temporary restraining order preventing Liggett from handing over any documents involving discussions with other companies. A full hearing is set for March 31.

Still, analysts are uncon-

vinced. The past few years have seen the emergence of several whistle-blowers in the tobacco industry and the publication of thousands of pages of internal documents, and analysts doubt whether the papers held by Liggett - even if the courts allow them to be released - will add much to what is already known.

But what about the admini-

stration that cigarettes are addictive? Mr Gary Black, an analyst at Sanford C. Bernstein, the Wall Street securities house, doubts whether Liggett will rush to put the warning label on the pack

because of the danger that it could be used against the company by any litigants not covered by this week's deal.

"In addition, Liggett would be pressed to explain when its executives became convinced that smoking was addictive, and could be held liable for fraud for not revealing that knowledge earlier," says Mr Black.

Although tobacco shares fell sharply when the settlement was announced, the declines were not on the same scale as those resulting from earlier industry setbacks - notably the case last

August when a Florida jury awarded \$750,000 (£471,988) in damages against the industry to a lung cancer patient and his wife. The case is under appeal.

Before that, the tobacco companies had never paid a penny in damages in cases where juries had taken the view that everyone knew the risks associated with smoking,

and that those who took up the habit had only themselves to blame. What remains to be seen is whether the Liggett settle-

ment helps change the climate for litigation by expos-

ing tobacco manufacturers

as cynical manipulators of their customers' susceptibilities - or whether juries say they always knew that anyway.

A test could come as early as next month when Mr Norwood Wilner, the Florida trial lawyer who won the \$750,000 verdict last year, brings his next case. In the meantime, the other big question posed by the Liggett deal is why the financier Mr Bennett LeBow, chairman and chief executive of Brooke Group, Liggett's parent, would want to expose his company to such a costly settlement.

Analysts say he had little choice. Liggett, losing market share and facing heavy debt repayments over the next two years, has little or no future as an independent company; but if Mr LeBow were able to engineer a merger between Liggett and another tobacco company, such as R.J.R. Nabisco, he could come out showing a big profit.

Mr LeBow appears to be gambling that his settlement will cause enough billion-dollar lawsuits to go against the industry to bring a big player, probably R.J.R. Nabisco, into a merger with Liggett. If that happened, the Liggett settlement would provide for the big company's liabilities to be capped at the level of its US tobacco profits - so that a company such as R.J.R. Nabisco could continue to keep the profits from its international tobacco and food operations.

Mr LeBow is a man with a long record of financial wheeler-dealing, tried to win control of R.J.R. Nabisco in a proxy fight last year, but gave up when it became clear that he would fail. If his vengeance succeeds, it will be in spectacular fashion.

"We don't want things to develop like they did in England or America," says Mr Jan Kobylanski, a shop steward.

"There they cracked the unions and look what happened. OK jobs have been created, but at what price? People have to do two or three 'cheap jobs' to make ends meet and live in a hire-and-fire situation."

His views are shared by Bild Zeitung, Germany's biggest selling newspaper and normally no enemy of change. In a typically forthright front-page headline addressed at Krupp's chief executive, it asked: "Herr Crommie, Do You Want To Set Our Country Alight?"

Unlike those in France or Belgium, German workers have held back from direct action in labour disputes. But this week the steelworkers at Krupp and Thyssen downed tools and picketed their factories after the bid was announced.

Last week coalminers on Bono, blocking traffic and blocking the headquarters of the Liberal Free Democratic party, Chancellor Kohl's junior coalition partner. And in a protest over jobs in the construction industry, building workers in Berlin stormed the Reichstag.

Workers claim the consensus ways of the past - which they say were an integral part of Germany's attraction as an industrial location - are being sacrificed in favour of newer ideologies.

"They will globalise themselves to death," says Rüdiger Raguse, a works council member at the Westfalen plant. "But I cannot globalise myself. I've got flat in Dortmund and want to keep on living there."

Krupp's bid for Thyssen has highlighted the growing importance of corporate life of the stock market, which is now dealing with that highly rare German prospect: a hostile bid. While German workers in the past typically blamed their woes on banks and politicians, the steelworkers this week vented their anger at the market.

When workers from the two companies gathered on Thursday to discuss the deal in Dortmund's Westfalenhalle, an imposing monument to past industrial glories, there were calls for a march on the Frankfurt stock exchange. In the event the steelworkers marched back to the Westfalen plant where the works councils voted to return to work.

Their protests had, however, achieved something. Mr Johannes Rau, the premier of North Rhine-Westphalia, brought the two parties together to discuss a joint venture in steel.

**S**uch a settlement would achieve a goal long held by both Krupp and Thyssen of creating a single steel giant. But for the workers at Westfalen it would still probably mean the closure of their plant as the new venture sought to cut capacity.

Even within the Ruhr, however, the importance of coal and steel has diminished. Together they employ 170,000 people, compared with 750,000 30 years ago.

According to Mr Wolfgang Clement, economics minister of North Rhine-Westphalia, coal and steel account for 5 per cent of employment in the state. Concentrated on the Ruhr alone, the figure rises to just 8.6 per cent.

The region has been in a process of restructuring for decades, replacing smokestacks with neatly cultivated landscapes. Thyssen and Mannesmann, Ruhr titans, have successfully diversified into sectors such as telecommunications, and heavy metal is now a low earner.

"If you look at towns like Mühlheim and Esse [where Krupp has its headquarters] the restructuring has already been completed," says Mr Heinz Schrumpf from the Rhenish-Westphalian Institute for Economic Research. "In reality 'the Ruhr region' is now only an historical term."

The Irish foreign minister tells John Murray Brown about the delights of greyhound racing

## One man and his dogs

**I**t was a sporting award for politicians. It would surely go to Dick Spring, who won three rugby caps at fullback for Ireland in the late 1970s and represented his county at hurling and Gaelic football.

Less well known, perhaps, is the Irish foreign minister's love of greyhounds. This began as a means to get to know his North Kerry constituents, when succeeding his father as MP after returning from the US, with Krist, his American wife, in 1981.

The original idea was I should buy a dog, and mix with the lads, the punters," he recalls. "But after a few weeks they were saying 'Jesus, look at your man. It's his first dog and he's winning everything. Typical!'

Spring One, his first dog - a pup he bought for £1,000 won 15 races in all.

including romping home in Barry's Tea, 700, one of Ireland's biggest races. Peter Barry, heir to the Cork-based tea business which sponsored the race, was then a minister for Fine Gael, Labour's coalition partner in government. "It was nice to think of £22,000 prize money passing across the cabinet table. I enjoyed that immensely," he jokes.

Spring spent 15 years dedicated to top-class racing - a week and quite frankly every hour is taken up, he says with feeling during a 20-minute interview squeezed between a cabinet meeting and dinner with the visiting Syrian foreign minister.

He has certainly done his over rugby. "When something goes wrong you can always blame the dog," he says.

"It's a great moment when

the lights go down and you wait for them to burst from the traps. My kids love it. I had to remind my wife that it's not like an American sport where you shout your head off."

Today he has a half share in two dogs, but work pressure means that he rarely gets trackside.

"You get a call from the trainer and you turn up if you can. During Ireland's recent European Union presidency I didn't make it once. I'm in Dublin four days a week and quite frankly every hour is taken up," he says with feeling during a 20-minute interview squeezed between a cabinet meeting and dinner with the visiting Syrian foreign minister.

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TRUSTS

# Dollar falls

## MARKETS REPORT

By Simon Kuper

The dollar slipped against the yen yesterday on reports – later denied – that a Fed official had made a rare comment on the currency.

Ms Alice Rivlin, vice chairwoman of the Federal Reserve, was quoted as having said on Thursday night that there were limits to the US Treasury's strong dollar policy. She said that too strong a currency punished American exports.

Reports of her comments rattled the dollar. It had begun the day strong on the growing belief that the Fed will raise US interest rates by 25 basis points after its Open Market Committee on Tuesday. Ms Rivlin's comments were considered significant as there have been other signs in recent weeks that Washington is getting worried about its growing trade deficit with Japan.

The pound regained more

yesterday. Ms Charlene Barshesky, US trade representative, warned Japan not to "export it way" out of recession. She said there had been "some discussion" of the issue between US and Japanese officials.

But the Fed denied yesterday that Ms Rivlin had said that limits to the strong dollar policy existed. It said Mr Robert Rubin, treasury secretary, was the US spokesman on the dollar.

The US currency firmed

slightly on the Fed's denial, but in late New York trading it was still down at Y122.90, 10.6 below Thursday's London close. The D-Mark lost almost half a yen against the Japanese currency to close in London at Y127.73.

The pound regained more of the ground it lost earlier this week, it rose a pfennig against the D-Mark to 55.746 and a cent against the dollar to \$1.604.

The Swiss franc fell partly on comments from Mr Bruno Gehrig, a Swiss National Bank board member, who said the bank was continuing its "generous" monetary policy. Mr Gehrig also said that if the process of European monetary union led to a flight into the Swiss franc, the bank would resort to necessary to "unlimited" intervention to stop the currency from soaring. The Swiss franc fell from SF1.0257 to SF1.0363 against the D-Mark in London yesterday, and slipped to SF1.432 against the dollar. However, traders said that volumes in the currency were thin.

The market has now largely priced in a Fed rate rise next week. A Reuters poll of 48 economists revealed that 34 expect the key Federal funds rate to rise to at least 5.50 per cent from 5.25 per cent. Last week only 17 out of 44 had made that forecast. A tightening would be the first change in the Federal funds rate in 14 months.

The dollar could react to a rate rise in one of two ways. If US asset markets tumble, the currency may weaken. But the dollar would gain if markets felt the rise in yields on dollar deposits was the most significant consequence of the tightening. A dollar rise might upset both the US and Japan. They are keen for the yen to recover so that Tokyo's trade surplus with the US falls.

For the yen to gain, the Bank of Japan may have to copy any Fed rate rise. However, as Mr Jesper Damgaard, treasury economist at ABN-Amro in London points out, the Bank of Japan has given no sign at all that it will increase rates. The bad loans held by Japanese banks may well prohibit such a move.

## POUND SPOT FORWARD AGAINST THE POUND

Mar 21	Closing mid-point	Change on day	Settling spread	Day's mid-high	Day's mid-low	One month	One month	Three months	One year	1P Mopex
				%	%	Rate	Rate	Rate	Rate	Rate
Europe										
Austria	100.017	+0.001	945 - 989	19.0274	18.9046	18.9582	2.7	18.9317	2.1	100.013
Belgium	99.9988	-0.0486	476 - 521	26.9170	25.4280	25.5716	-0.51%	24.9270	2.2	99.9985
Denmark	102.297	-0.047	868 - 935	10.3575	10.2480	10.2577	2.6	10.2242	2.5	102.294
Finland	98.0598	-0.0201	540 - 585	8.1210	8.0330	8.0330	-0.1%	8.0132	2.7	98.0593
France	101.017	-0.031	113 - 118	9.1450	9.0640	9.0822	3.1	9.0480	2.8	101.015
Germany	102.8887	-0.0088	988 - 905	2.7110	2.6860	2.6860	3.0	2.6795	3.0	102.8887
Greece	101.1801	-0.0018	162 - 170	1.0000	1.0105	0.4	1.0186	0.5	1.0180	1.0180
Ireland	99.95	-0.0001	162 - 170	1.0000	1.0105	0.4	1.0186	0.5	1.0180	1.0180
Italy	127.004	-0.0008	221 - 280	271.95	268.42	270.74	-1.5	271.25	-1.2	127.004
Luxembourg	98.9993	-0.0496	476 - 521	55.9170	55.4290	55.5746	-0.51%	55.5149	2.8	98.9993
Netherlands	103.071	-0.0027	530 - 582	3.0247	3.0247	3.0247	-0.1%	3.0132	3.1	103.071
Norway	101.719	-0.0085	193 - 216	10.8500	10.7075	10.8584	2.7	10.5448	2.7	101.719
Portugal	217.1467	-0.0056	327 - 308	272.480	270.221	271.607	-0.8	271.862	-0.8	217.1467
Spain	220.060	-0.0001	220 - 220	220.060	220.060	220.060	-0.1%	220.250	-0.2	220.060
Sweden	122.2194	-0.0018	107 - 281	2.3062	2.3199	2.3199	-1.5	2.3002	4.8	122.2194
Switzerland	122.2387	-0.0026	107 - 281	2.3062	2.3199	2.3199	-1.5	2.3002	4.8	122.2387
UK	1.31579	-0.0004	908 - 924	1.2985	1.2861	1.2861	-1.9	1.2846	2.0	1.31579
Ecu	-	-	-	-	-	-	-	-	-	-
SDR	-	-	-	-	-	-	-	-	-	-
Americas										
Argentina	1.0303	+0.001	026 - 032	1.8047	1.8082	-	-	-	-	-
Brazil	1.7022	-0.011	015 - 028	1.7023	1.6974	-	-	-	-	-
Canada	1.2122	-0.015	114 - 122	2.1214	2.1910	2.2064	3.2	2.1957	3.0	1.2122
Mexico	120.7049	-0.0465	941 - 157	12.7100	12.6100	-	-	-	-	-
USA	1.6939	-0.0006	034 - 041	1.6055	1.5985	0.6	1.6013	0.8	1.5955	0.5
Pacific/Middle East/Africa										
Australia	1.20405	-0.017	384 - 416	2.0465	2.0261	2.0404	0.1	2.0396	0.2	1.20405
Hong Kong	12.4257	-0.022	222 - 232	12.4380	12.4230	12.4211	0.4	12.4101	0.5	12.4257
India	57.5246	-0.0001	619 - 672	57.0290	57.0290	-	-	-	-	-
Iceland	1.9834	-0.0024	195 - 205	1.9834	1.9834	-	-	-	-	-
Japan	186.347	-0.441	224 - 247	197.800	195.980	195.377	5.9	193.517	5.8	186.347
Malaysia	1.39752	-0.0001	735 - 768	3.8900	3.8401	-	-	-	-	-
New Zealand	1.2101	-0.0048	087 - 104	1.2160	1.2267	2.3116	-1.5	2.3181	-1.4	1.2101
Philippines	1.20405	-0.0261	051 - 069	4.2010	4.1919	-	-	-	-	-
Saudi Arabia	0.61048	-0.0058	132 - 163	0.6211	0.5916	-	-	-	-	-
Singapore	2.3198	-0.015	185 - 211	2.2121	2.2095	-	-	-	-	-
South Africa	1.2122	-0.0001	175 - 178	1.2122	1.2122	-	-	-	-	-
South Korea	141.122	-0.0228	258 - 260	142.00	141.371	-	-	-	-	-
Taiwan	14.1673	-0.0249	258 - 260	44.2005	43.7001	-	-	-	-	-
Thailand	14.1713	-0.0218	222 - 242	41.4500	41.2870	-	-	-	-	-

\* Rates for Mar 20. Bid/offer speeds in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted in the market but are implied by current interest rates. Sterling Index calculated by the Bank of England. These average 1990 = 100. Index released 12/95. Bid/offer and Settling Index calculated from THE WEEKLY CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the Internet at <http://www.FT.com>.

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## UNIT TRUSTS

### ■ WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR		Schroder Sm Comp Inc	
Johnson Fry Smaller Growth	1,400		
Gartmore UK Smaller Companies	1,365		
Abbey Latin American	1,335	1,300	
NatWest UK Smaller Cos	1,308		
Schroder Smaller Companies Inc	1,295	1,200	
<b>BOTTOM FIVE OVER 1 YEAR</b>			
Old Mutual Thailand Acc	478		
Baring Korea	569	1,000	
Save & Prosper Korea	580		
Schroder Seoul	598	900	
F&C Japanese Smaller Cos	601		

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

TOP FIVE OVER 3 YEARS		Baring Europe Select	
Jupiter European	1,988		
PM North America Growth	1,892		
Hill Samuel US Smaller Cos	1,611	2,000	
Edinburgh North American	1,601	1,800	
Baring Europe Select	1,601		
<b>BOTTOM FIVE OVER 3 YEARS</b>			
Save & Prosper Korea	428	1,200	
Gartmore Japan Strategy	474	1,000	
Five Arrows Japan Smaller Cos	484	800	
Fidelity Japan Smaller Cos	485	800	
Edinburgh Japan Smaller Cos	512		

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

TOP FIVE OVER 5 YEARS		M&G Japan & General	
Mercury Gold & General	3,588		
HSBC Hong Kong Growth	3,548		
Hill Samuel UK Emerging Cos	3,447	1,600	
Jupiter Income	3,350	1,400	
GT Orient Acc	3,285		
<b>BOTTOM FIVE OVER 5 YEARS</b>			
Gartmore Japan Strategy	792	1,000	
Fidelity Japan Smaller Cos	811	800	
Bardens Uni Japan Inc	836	800	
M&G Japan & General Acc	852	800	
M&G Japan & General Acc	879		

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

TOP FIVE OVER 10 YEARS		Waverley Australasian Gold	
HSBC Hong Kong Growth	5,022		
Hill Samuel US Smaller Cos	5,747		
F&C US Smaller Companies	5,456	1,600	
Gartmore Hong Kong	5,443	1,400	
Friends Prov Australian	5,033	1,200	
<b>BOTTOM FIVE OVER 10 YEARS</b>			
Barclays Uni Japan Inc	536	600	
Waverley Australasian Gold	568	400	
Mercury Japan	692	200	
M&G Japan & General Acc	732	100	
Henderson Japan Smaller Cos	763		

Source: HSW (01625 511311)

■ Indices	
Average Unit Trust	1,038
Average Investment Trust	1,156
Bank	1,032
Building Society	1,031
Stockmarket FTSE All Share	1,185
Inflation	1,028

■ UK Eq & Bd	
BWD Balanced Portfolio	1,187
Perpetual High Income	1,125
Credit Suisse High Income Port	1,188
Henry Cooke Balanced	1,082
NPI Extra Income Inc	1,100
SECTOR AVERAGE	1,099

■ Nth America	
PM North America Growth	1,078
Hill Samuel US Smaller Cos	1,083
Edinburgh North America	1,185
Martin Currie North America	1,129
Royal Life United States	1,128
SECTOR AVERAGE	1,055

■ Europe	
Jupiter European	1,281
Baring Europe Select	1,286
INVECO European Growth	1,237
Friends Prov European Gth	1,148
INVECO European Small Cos	1,192
SECTOR AVERAGE	1,103

■ UK Growth	
Johnson Fry Smaller Growth	1,490
Jupiter UK Growth	1,174
Credit Suisse Fellowship Inc	1,124
Perpetual UK Exempt	1,155
Savva UK Growth	1,080
SECTOR AVERAGE	1,118

■ Gift & Fixed Interest	
Thomson Preference Inc	1,077
Abtrust Fixed Interest	1,154
Britannia Gift & Fixed Int Inc	1,071
MSL Gift & Fixed Interest	1,117
Henderson Preference & Bond	1,100
SECTOR AVERAGE	1,064

■ Japan	
GT Japan Growth	888
Martin Currie Japan	824
Murray Japan Growth	789
Hill Samuel Japan Technology	757
SECTOR AVERAGE	718

■ Money Mkt	
M&G Treasury	1,047
Midland Money Market	1,044
Newton Cash Acc	1,044
Lincoln Cash	1,038
CU Deposit	1,043
SECTOR AVERAGE	1,081

■ UK Growth & Income	
Fleming Select UK Income	1,218
Jupiter UK Dividend Growth	1,145
Perpetual Income	1,138
Lazard UK Income & Growth	1,128
Gartmore UK Index	1,189
SECTOR AVERAGE	1,117

■ International Equity Income	
GT International Income	1,059
Hill Samuel Currie Int'l Income	1,101
Dolphin Int'l Gth & Income	1,068
M&G International Income	1,044
Mayflower Global Income	1,053
SECTOR AVERAGE	1,057

■ Far East inc Japan	
Gottwalt Greater China	1,136
Martin Currie Japan	924
Murray Japan Growth	789
Hill Samuel Japan Technology	757
SECTOR AVERAGE	931

| ■ Investment Trust Units | |
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Funds & Unit Trusts															
<b>Investment Funds</b>															
<b>Equity Funds</b>															
<b>Income Funds</b>															
<b>Bond Funds</b>															
<b>Property Funds</b>															
<b>Corporate Bonds</b>															
<b>Government Bonds</b>															
<b>Money Market Funds</b>															
<b>Other Funds</b>															
<b>Unit Trusts</b>															
<b>Open Ended Funds</b>															
<b>Closed Ended Funds</b>															
<b>Investment Trusts</b>															
<b>Unit Trusts &amp; Investment Trusts</b>															
<b>Other Investment Funds</b>															
<b>Investment Companies</b>															
<b>Unit Trusts &amp; Investment Companies</b>															
<b>Investment Funds - Total</b>															
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<b>Investment Companies - Total</b>															
<b>Investment Funds - Total</b>															
<b>Investment Trusts - Total</b>															

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**AT&T Management Line**  
Professional Long Distance Reporting  
2000-2000-2000

LONDON SHARE SERVICE

مکذا من لاصل

LONDON SHARE SERVICE

## **WORLD STOCK MARKETS**

**Highs & Lows shown on a 52 week basis**

**Automatic Call Distributor (ACD) technology, which handles high volume in-coming calls, was pioneered by Rockwell.**



## **INDICES**

	Mar 21	Mar 25	Mar 10	High	1995/97
				Low	
<b>Argentina</b>					
General(2/1/277)	(4) 20581.13	20313.10	21651.36	24/2/97	18287.30 22/6/95
<b>Australia</b>					
All Government(1/1/80)	2366.4	2391.3	2365.2	2001.70	18/2/97 2000.10 17/7/95
All Min/Ind(1/1/80)	858.2	935.7	838.0	1118.40	85/95 903.80 13/1/95
<b>Austria</b>					
Credit Alkem(3/1/204)	410.32	408.73	410.00	476.23	11/3/97 346.12 6/9/95
Taxed Inter(2/1/37)	1216.80	1208.50	1213.69	1284.43	11/3/97 975.27 2/1/95
<b>Belgium</b>					
BEL 20(1/1/91)	2089.73	2077.93	2132.12	2220.27	11/3/97 1594.90 2/1/95
<b>Brazil</b>					
Bovespa(2/1/233)	(4) 5303.0	5088.0	5085.00	11/3/97	4380.10 2/1/95
<b>Canada</b>					
Metal Min/Mfg(1/1/73)	(4) 5629.73	5704.54	5601.75	10/3/97	4867.47 18/1/95
Composite(1/1/73)	(4) 5655.30	5680.00	5322.90	10/3/97	4738.05 15/1/95
Portfolios(2/1/103)	(4) 3047.90	3070.58	3214.18	10/3/97	2227.35 12/1/95
<b>Chile</b>					
IBPA Gen/F(31/12/90)	(4) 5218.81	5244.87	5094.33	8/1/95	4581.17 18/1/95
<b>Denmark</b>					
Copenhagen(5/31/83)	534.27	537.97	547.53	555.40	11/3/97 398.40 2/1/95
<b>Finland</b>					
HFI General(2/1/260)	2638.34	2798.58	2652.84	3008.38	11/3/97 1651.67 10/1/95
<b>France</b>					
SF 250(31/12/90)	1745.04	1724.62	1748.05	1815.30	10/3/97 1250.10 2/1/95
CAC 40(31/12/97)	2587.12	2553.72	2596.77	2708.21	10/3/97 1887.85 11/1/95
<b>Germany</b>					
FZC Aachen(1/253)	1143.35	1135.73	1138.54	1162.00	11/3/97 814.55 2/1/95
Commerzbank(1/2/259)	3338.00	3312.10	3322.50	3462.00	11/3/97 2250.10 2/1/95
DAX(3/1/267)	3236.24	3254.67	3315.53	3465.58	11/3/97 2284.35 2/1/95
<b>Greece</b>					
Athens SE(3/1/260)	1208.80	1258.67	1265.78	1463.80	26/2/97 872.59 7/6/95
<b>Hong Kong</b>					
New Share(7/7/84)	12488.30	12472.33	12651.42	13888.20	20/1/97 10204.80 2/1/95
<b>India</b>					
BSE Sensex(1/7/93)	3730.20	3732.05	3665.07	4026.20	18/6/95 2745.00 4/12/95
<b>Indonesia</b>					
Jakarta Comp.(10/6/92)	656.10	663.13	663.17	712.60	26/2/97 512.40 2/1/95
<b>Ireland</b>					
ISD Overall(4/1/88)	2946.10	2927.78	2985.88	3059.83	11/3/97 2224.81 2/1/95
<b>Italy</b>					
Banca Comer Ital(1/92)	728.35	732.31	730.00	789.71	10/2/97 572.21 27/3/95
MIS General(2/1/97)	1087.0	1101.0	1097.0	1192.00	10/2/97 981.00 2/1/97
<b>Japan</b>					
Nikkei 225(7/6/94)	18633.16	(4) 18463.71	22658.00	25650	17933.00 10/1/97
Nikkei 300(1/10/92)	357.73	(4) 284.97	318.70	268/95	231.84 27/1/95

US INDICES

Dow Jones	Mar 20	Mar 10	Mar 10	1998/99 Eight	Low	Since compilation High	Since compilation Low
Industrial	6821.25	6877.55	6865.55	7085.15	5032.94	7085.15	4125.55
Home Goods	102.57	102.54	102.54	105.05	101.59	102.57	97.73
Hotspot	2417.10	2418.42	2405.59	2468.59	1882.71	2468.59	1325.55
Airlines	220.09	221.42	221.55	240.85	204.85	238.46	163.55
DJ Ind. Day's high	6891.47	6944.15	1 Low	6765.15	4167.94	22.1	(Technically)
Day's high	6879.57	6891.34	1 Low	6765.37	4162.32	22.1	(Actualized)
Standard and Poor's							
Composite	782.55	785.77	782.55	816.29	588.45	816.29	442.55
Midcap	914.53	916.52	920.11	955.98	702.07	952.05	535.55
Total	90.50	90.80	90.85	97.25	54.07	97.25	7.1
NYSE Comp.	411.73	413.55	415.40	427.70	221.41	427.70	45.55
Amex Corp.	591.55	591.79	595.45	617.81	524.20	617.81	504.25
NASDAQ Cap	1289.25	1249.29	1285.34	1386.05	985.57	1386.05	548.55
RATIOS							
				Mar 14	Mar 7	Feb 28	Year ago
Dow Jones Ind. Div. Yield				1.95	1.83	1.95	2.15
				Mar 19	Mar 12	Mar 5	Year ago
S & P Ind. Div. yield				1.75	1.74	1.77	1.87
S & P Ind. P/E ratio				22.38	20.51	22.55	21.24

AFRICA

1960-1961

## WORLD STOCK MARKETS

# US shares dip in mixed expiry trade

## AMERICAS

US shares were mixed at mid-session as sharp declines in Philip Morris and Eastman Kodak weighed on the Dow-Jones Industrial Average while other indices staged modest recoveries from recent weakness, writes *Lisa Sweeney in New York*.

At 1pm, the Dow was 16.62 weaker at 6,803.56, while the Standard & Poor's 500 added 0.16 to 765.31 and the technology-rich Nasdaq Composite added 1.50 to 1,260.76.

Volume on the NYSE was very heavy because of the expiry of share options and futures known as "triple witching". By early afternoon, 340m shares had changed hands.

There was little new economic data although concerns that the Federal Reserve would raise interest rates at Tuesday's meeting of its Open Market Committee hung over the market.

That led to a strong performance by shares of companies that make consumer goods, which tend to be less sensitive to economic slowdowns. The Morgan Stanley index of consumer companies added 0.6 per cent, while the counterpart index of cyclical companies was flat.

Some of the weakness in the Dow came from Philip Morris, the largest tobacco company in the US, which added a drop of 3% or 3 per cent to Tursday's loss of 6% on continued worries about future litigation against the company. That brought the shares to \$12.12.

On Thursday Liggett, a rival tobacco company, won immunity from anti-tobacco litigation by agreeing,

# Bourses off the top after strong recovery

## EUROPE

Leading bourses recovered strongly from Thursday's Greenspan-driven shakeout, but closed off the top.

PARIS was a clear example of the broad trend, ending 22 points short of its best of the day with the CAC 40 index 33.41 higher at 2,687.13. Trading volume stayed low at 8.7m shares.

Six was the hot stock, advancing FF13.10 or 4.9 per cent to FF230.40 on renewed talk of an imminent merger with Lyonnaise des Eaux. According to the rumours, which stemmed initially from a UK press report, the two companies were preparing to announce a deal over the weekend.

Neither company was willing to comment yesterday. Lyonnaise des Eaux, up FF15 at one stage, ended FF15 earlier at FF230.61.

Renault responded to Thursday's post-bourse results with a gain of FF23.70 or 2.7 per cent to FF141.70. Two leading French brokers were said to have upgraded their recommendation on the shares.

A profits warning also upset shares of Ben & Jerry's Homemade. Shares in the premium ice cream maker slumped \$1.12 or 12 per cent to \$11.49 after it warned that it would lose 12 to 15 cents in the first quarter, in part because of weak sales.

TORONTO moved modestly higher and showed signs of wanting to bring the recent downturn to an end. At noon, the 300 composite index was up 6.42 at 6,661.70.

Royal Bank of Canada gained 25 cents to C\$6.15 and Canadian Pacific put on 20 cents to C\$33.80. Golds were mixed with Barrick gaining 15 cents to C\$35.80.

## Santiago rebounds 1.1%

SANTIAGO rebounded in a technical rally after losing ground in each of the previous four sessions. The IPSA index was 1.26 or 1.1 per cent higher by mid-session at 112.78.

CARACAS edged higher but in quiet trade with many investors already preparing for their Easter holidays. By mid-session, the IBC index was 19.22 higher at 6,244.57.

Electricidad de Caracas picked up 1.75 bolivars at 510.00 bolivars, while D

erbol Group which owns

cent to Tursday's loss of 6% on continued worries about future litigation against the company. That brought the shares to \$12.12.

On Thursday Liggett, a rival tobacco company, won immunity from anti-tobacco litigation by agreeing,

among other things, to carrying a warning on its packs that smoking was addictive. Shares in RJR Nabisco, the second largest tobacco company in the US, lost 8% or 2 per cent at \$31.

Brooke Group which owns Liggett added 3% or 3 per cent to \$31.

A decline in Eastman Kodak also weighed on the Dow. The photographic products company shed \$30 or 11 per cent to \$785 after it warned that revenue growth had stalled.

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## ASIA PACIFIC

An export ban on fresh and frozen pork, and the government's latest attempt to cool the overheated market, triggered heavy selling which left TAIPEI 3.1 per cent lower. Food shares tumbled 3.9 per cent after the government announced an export ban on fresh and frozen pork, due to an outbreak of foot and mouth disease.

A letter from the head of the Securities and Exchange Commission, Lu Tung-ying, urging brokers to protect investors' rights after recent market rallies, put a further dampener on confidence.

The weighted Index dropped 326.60 to 8,230.00 in heavy turnover of T\$184.7m.

TOKYO came back from Thursday's holiday and rose for the fifth consecutive session, with buyers for banks and domestic-demand ori-

## Schering

Share price & Index released



Source: Bloomberg

## LONDON STOCK EXCHANGE

## Share prices stabilise after turbulent week

## MARKET REPORT

By Steve Thompson,  
UK Stock Market Editor

The latest Alan Greenspan-inspired storm in global markets looked to have blown itself out yesterday, but not without leaving investors badly bruised by the experience.

London blew hot and cold, in that order, prior to ending an extremely nervous session only marginally easier on the day.

Although the market is still expecting the US Federal Reserve to nudge interest rates higher after Tuesday's meeting, especially in the wake of the Fed

chairman's comments on pre-emptive rate rises, many observers feel a 25 basis points rise has already been factored into prices.

After safely negotiating the expiry of the FTSE 100 and 250 futures, plus the expiry of FTSE 100 options, London still kept a weather eye on Wall Street ahead of "triple-witching", the expiry of index futures and options, along with stock options.

The FTSE 100, which has had to endure a series of dismal performances, finished 3.3 lower at 4,254.8, while the FTSE 250 closed 0.2 off at 4,650.6 and the SmallCap index 0.8 easier at 2,820.7.

Over the week, however, the FTSE 100 index has fallen almost

170 points, or 3.8 per cent, losing the 4,400 and 4,300 levels in the process, while the FTSE 250 has lost 142.3 points, or 3 per cent.

Smaller capitalised stocks, which are insulated somewhat from Wall Street influences, have held up better than the leaders and second liners, with the SmallCap index down 4.5, or 1.9 per cent, over the same period.

Predictions of more extreme turbulence in London yesterday were confounded by the rally in US Treasury bonds overnight which helped US stocks to close well above session lows.

The yield on the 30-year US long bond, which had crept over the 7 per cent mark on Thursday,

dipped back below that level while the Dow Jones Industrial Average, down 80 points at its worst overnight, finished 3.7 points off.

At the outset yesterday the Dow was up around 25 point shortly after the opening, but then came under renewed pressure. Bonds made modest gains.

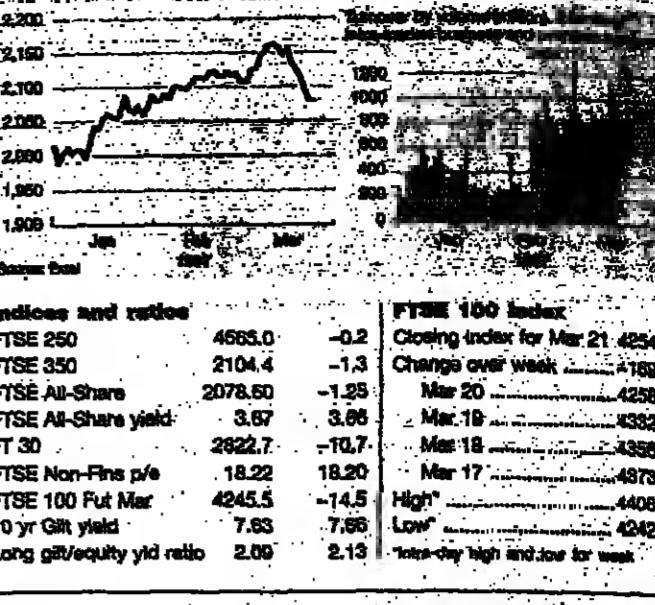
Volume in London remained relatively high, reaching 1,000m shares by the 6pm cut-off point, although well below Thursday's 1.17bn shares. The value of customer business was just over the £2.6bn level on the first two days of the week.

Sentiment in London was given

a much-needed lift by news of more corporate activity. Charter agreed a £250m bid for engineering group Howden. Further bid rumours circulated, especially in food manufacturing, where Tesco's acquisition of AB Foods' Irish retailing businesses was said to have increased the chances of AB looking for targets. There were also strong rumours that a predator was lining up a bid for Pizza Express.

Dealers glossed over the latest political news, of which the "cash-for-questions" row was a big talking point, arguing that the market's short term health depended on events across the Atlantic next week.

## FTSE All-Share Index



## NEW 52 WEEK HIGHS AND LOWS

London (Price)	
Homes	2,233.4
ABP Group	1,575.2
CHG	1,152.6
Cutter Holdings	1,095.4
GLP Railways	1,024.8
Inchcape	1,255.8
MSB Int'l	375.4
Pemberton	70.4
Phoenix Timber	224.8
PizzaExpress	767.4
Priest Rail	350.4
Shield Diagnos	50.4

Falls	
Active Imaging	48.4
BioCompatibles	107.5
CPL Aromas	120.4
Caltech	58.0
Farleks Group	310.4
Fredrich	63.5
Scottie Hedge	380.4
Singer & Fried	152.4
Tyco Precision	72.4

than a fortnight ago bounced 18% to £17.69 on encouraging product news.

The company has the US patent or Diprivan, an intravenous sedative, for another two years. Diprivan represents about 14 per cent of Zeneca's pharmaceutical sales and was to lose its patent this month until the company came up with a new formula.

CellTech, the biotechnology stock, tumbled 32% to 53p in the wake of Glaxo Wellcome's announcement on Thursday that the pharmaceuticals leader was developing a treatment for septic shock, one of Cell Tech's key areas. However, the company remained confident that earnings would not be affected.

Charter, the engineering group, jumped 60 to 847.4 after it announced a recommended £275m offer for Howden. The offer, worth 128.4p a share, sent Howden up 36% to 129p.

Shell Transport lifted 7%

to 10.81p with help from ABN Amro Hoare Govett, which raised its 1998 and 1999 stock forecasts and set a 102.0p share price target.

## BAT holds up well

BAT, the hard-hit tobacco and insurance group, proved strikingly resilient to the latest piece of anti-smoking news to come out of the US.

Liggett, the maker of Chesterfield cigarettes, agreed to settle all claims against it to be made by the end of the

year.

After the disposal, A B

Food will have net cash of £1.4bn and there were a number of names in the frame for possible acquisitions, including some of the speciality chemicals businesses being sold by Unilever, such as Quest and National Starch.

which fell 2 to 327.4 said however that the move would not affect its expansion plans in Northern Ireland.

Mr Carl Short, food manufacturing analyst at SGST, said the sale was a sensible move by A B Food. He said it could prompt speculation about what A B Food might do with its textile business, which might appear to be non-core.

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lever, such as Quest and

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The news hit US tobacco stocks hard in the US late on

Thursday - the slide in

Philip Morris was said to

have accounted for 18 points

of the fall in the Dow Jones Industrial Average.

BAT, which has the Brown & Williamson tobacco subsidiary in the US, was called down 22p before the start of London dealing:

But the shares have fallen

by more than 12 per cent in

the past 10 days and brokers

were happy to repeat their

positive stance on the stock.

Merrill Lynch was one cited

as reiterating its "accumulate" recommendation.

The shares closed a net 5

higher at 349p.

Fletch, the media group, slid 44 to 635p as Goldman Sachs placed more than 9m shares at 524p. There were no unconfirmed suggestions that a director might have been selling.

Great Universal Stores hardened 13 to 654p. Analysts said reports that Lord

Wolton of Sunningdale was

in the US fuelled speculation

that he might be making

some sort of tie-up on mail

order.

Guthness, which reported

better than expected results

earlier this week, hardened 6

to 507.4p on trade of 19m

Lehman Brothers moved its

recommendation to "buy"

from "outperform".

The shares closed a net 5

higher at 494p.

Fletch, the media group,

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some sort of tie-up on mail

order.

Food producer CPL Aromas

rose 10 to 120.4p as

Goldman Sachs placed

more than 9m shares at 118.4p.

There were no unconfirmed

suggestions that a director

might have been selling.

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## COMPANIES AND FINANCE

Analysts abandon robust expectations as company reveals sales growth has ground to a halt

## Kodak share slide wipes \$3bn off value

By Richard Waters in New York

Shares in Eastman Kodak tumbled by 11 per cent yesterday morning, wiping \$3bn (£1.8m) from its stock market value, as the US photographic products company revealed that its sales growth had ground to a halt in the first two months of this year.

The news comes at a time when Wall Street is on heightened alert about the

general profits outlook for US companies, thanks in part to recent comments by Mr Alan Greenspan. The Federal Reserve chairman said that he did not believe US share prices were too big, provided companies were able to match the high expectations that existed for continued profits growth this year.

Kodak, one of the 30 companies in the Dow Jones Industrial Average, did not predict what effect the sales

slowdown would have on its earnings.

However, its share price plunged by 89% to \$786, as analysts abandoned their earlier expectation that the company's earnings per share would continue their robust double-digit growth of the past two years.

The company said sales in the first two months of this year were "essentially flat" compared with the year before, due to the rise in the US dollar and lower selling

prices. Also, growth in the emerging markets, where sales of Kodak film have been rising at more than 10 per cent a year, had "moderated considerably".

However, Mr Harry Kavadas, chief financial officer, said the unexpected stalling in sales would not change the company's "fundamental operating plans and objectives".

The news appeared to reflect a successful onslaught by Fuji, Kodak's reported sales from outside the US - an effect that will

be echoed by other US-based multinational companies when they begin reporting first-quarter earnings in around a fortnight's time.

Despite a handful of profit warnings from other US companies in recent days, there has been less negative news on earnings than is normally the case just before a quarterly reporting season, said Mr Charles Hill, research director of First Call, which monitors earnings expectations.

## Charter unveils £385m agreed bid for Howden

By Rose Tsaman

Charter, the UK conglomerate, yesterday launched an agreed £385m (\$612m) cash and shares offer for Howden, the engineering group.

The bid came a week after heavy trading in Howden's shares sparked speculation that a bid was in the offing. Shares in Charter rose 60p to 847½p as investors responded with enthusiasm.

Shares in Howden rose 35p to 129p, just below Charter's 130½p terms.

Mr Jeffrey Herbert, chief executive of Charter, said Howden's core business of manufacturing industrial fans, with annual sales of £227m, was a world leader which would make an ideal third leg for his conglomerate.

Charter is almost twice the size of its target, with sales of £883m last year. It has leading positions worldwide in the sale of welding products and railway track equipment.

Mr Herbert said Charter would conduct a careful review of prospects for Howden's drilling equipment and packaging and handling machinery divisions, with combined sales of £145m.

Analysts suggested they could be sold.

Howden has worked hard to restore a reputation for being accident-prone. It had

encountered problems with

contracts to supply power generation windmills and tunnel boring machines.

Mr Herbert said Charter had been stalking Howden for six months and his directors had examined 22 of its 50 factories worldwide. The deal would be earnings enhancing from the outset.

The takeover approach was made after bid speculation broke out on Monday.

According to Charter, Howden has a 25 per cent share of the world market for large industrial fans. But Mr Herbert said its operating margin was inferior to its rivals and had ample scope for improvement.

Charter, advised by Lazard Brothers, is offering three new Charter shares and £124.75 in cash for every 115 Howden shares.

To finance the deal, Charter, which has £28m of net cash, plans to take on £320m of borrowings, emerging with gearing of 60 per cent, and its share capital enlarged by 9 per cent.

The predator, which revealed a 2.97m stake in Howden, is believed to have bought a further 5m Howden shares in the market yesterday, taking its holding to 1.67 per cent.

With the exception of Mr Andrew McDowell, who is abroad, Howden directors, advised by Robert Fleming, have indicated they intend to recommend the offer.

Howden has worked hard to restore a reputation for being accident-prone. It had

encountered problems with

## Limelight kitchens side 'hit brick wall'

By Christopher Price

Mr Steve Cottar, chief executive of Limelight Group, which issued a profit warning this week, said yesterday he had "never seen such a turnaround in sales in such a short period".

Shares in the UK kitchens and bathrooms group fell 45 per cent earlier this week and it was forced to confirm a sharp decline in sales in the first 12 weeks of this year.

"The kitchens business

just hit a brick wall as soon as we opened after Christmas," Mr Cottar said. He believed the downturn was temporary. But in the meantime, the group was attempting to reduce costs and pursuing additional sales-led initiatives.

He stressed that the company had had no inkling during its flotation process in October and November that sales would have tailed off so dramatically. His remarks came as the group confirmed it had met the forecasts

made in its flotation prospectus for 1996, reporting a 24 per cent rise in operating profits to £16.65m.

Turnover rose 28 per cent last year to £171.6m. Pre-tax profits of £2.61m compared with losses of £1m. Earnings per share were 1.4p (1.1p losses).

On the timing of the profit warning, Mr Cottar added: "We would have dearly liked things to have been done in a more orderly fashion." Sales for the first 12 weeks of the new year were

down 11 per cent, with the Maben fitted kitchen business - which accounts for over half of group profits - declining by 24 per cent.

**COMMENT**

Like MFI two weeks ago, Limelight's management has no explanation for the slide in sales. This is worrying since it offers little insight into when the situation may start to improve. New sales and product offensives are planned, but any initiatives could be squashed by a rise

in interest rates. One chink of light could be the potential unleashing of consumer spending by building society windfalls. Profit forecasts for the current year of about £15m put the shares on a prospective p/e of less than 9. This is a deep discount to both the sector and market.

It represents not only the uncertain trading outlook, but also the credibility gap that exists for the management. But such a lowly rating may invite some speculative buyers.

## Exceptionals hit Wace

By Christopher Price

The cost of closing and selling loss-making businesses and restructuring operations led to Wace, the UK printing group, reporting pre-tax losses of £1.04m (£3.34m) for 1996 against £20.5m profits.

Turnover at the group, which last year issued two profit warnings, rose 3 per cent to £222m. The pre-tax figure included an £8.2m charge for losses on disposals and £3.7m for restructuring costs. Profits before tax amounted to £1.8m (£24m).

Mr Trevor Grice, chief executive, said the year had been a challenging one, but that the benefits from the changes put in place should start to come through in the

second half of 1997. The outlook for 1998 was "very positive", he said.

The merging of the group's corporate packaging division into an integrated operation, prompted by the purchase last year of Ferry Pickering cartons, was proceeding. Some £20m was being invested in the operation.

The group's other printing divisions also received investment to update machinery and techniques. However, poor market conditions hampered sales growth and accelerated a disposal programme, which included the company's Glasgow print operation and rationalisation of its Chicago and Paris businesses.

Losses per share of 8.4p (earnings of 14.7p) were 5.3p

when adjusted for the exceptional items. A final dividend of 1.15p makes a 3p (5.88p) total. The shares were unchanged at 91½p.

**COMMENT**

Wace shares, which stood at 260p a year ago, are on a prospective p/e of 15 times analysts' 1997 profit forecasts of £12m. This puts them on a rating equivalent to the market and suggests that at least some investors have enough faith in the management to deliver after what has been a dreadful year. But while the investments look promising, some of the markets remain uncertain, particularly in corporate printing, which suggests the shares look fully valued.

## CPL Aromas shares plunge to below float level

By Jane Martinson

Shares in CPL Aromas fell by more than a third yesterday, to below the float price two years ago, as the UK fragrances, flavours and ingredients company issued its third profit warning in a year.

The shares fell 70p to 120p against a flotation price of 150p in June 1995 - as it blamed the strength of sterling and difficulties in overseas markets for the warning. Yesterday's share price fall valued the company at £15m (£23.5m) less than a quarter of a year ago.

Credit Lyonnais Laing, the house broker, cut forecasts from a pre-tax profit of 2.6m to a post-exceptioal loss of £600,000 for the year to March 31.

Mr Eric Atkins, chief executive, indicated that the company had overstretched itself with an aggressive expansion policy after flotation.

It raised £6.9m in a 1-for-5 rights issue last February to finance the £5.8m acquisition of Dr Crocq Aromatics, a Dutch company. The subsequent loss of a large contract was partly behind one of last year's profits warnings.

Exceptional provisions for this year will include a £2m

## Flextech stake sold

By Raymond Snoddy

Hallmark, the US greetings card and media group, yesterday sold most of its stake in Flextech, the UK cable and satellite television channel company, in a deal worth about £50m (£36m).

The company bought a 9.8 per cent stake in Flextech 18 months ago at 415p - since diluted to 6.6 per cent and yesterday sold some 8m shares at 624p to mainly UK institutions. The deal was set at a considerable discount to the market price and helped to push Flextech shares down 44p to 635p.

Flextech shares fell sharply this week following the long expected completion of the joint venture agreement with the BBC on launching as many as eight new television channels for the digital television market.

Flextech, ultimately controlled by Tele-Communications of Denver, the largest US cable company, is still doing business with Hallmark Entertainment and recently signed a £14m programming deal.

The share price has dropped from 772p on March

14, partly on rumours that Mr Roger Luard, the chief executive, planned to sell a large tranche of his shares.

Privately, Flextech executives were pleased that Hallmark had agreed to sell - although there was surprise about the low price - so that more shares will be available for trading in the market.

The share price has dropped from 772p on March

## NEWS DIGEST

### Newcastle gets priced at 135p

Newcastle United football club's stock offer has been oversubscribed and the price of the shares has been fixed at 135p, the club and its financial advisers, NetWest Markets, announced last night.

The price is at the upper limit of the 120p-135p indicated in last month's flotation documentation. This news Newcastle at £135, making it the third biggest football club on the stock market after Manchester United and Chelsea. Trading in the shares begins on April 2.

Last night, the UK club, which had hoped to raise £47.4m net, said the share offer had raised £44m gross. "Indications of interest under the institutional offer significantly exceed the amount of the offer," it said. The 10% of the offer initially set aside for the retail offer - mainly for fans - had been oversubscribed about seven times, it added. "In view of this level of demand, the retail offer will be increased to 15% of the offer." Full details of the basis of allocation will be announced on Monday.

The level of demand for the offer comes despite rumours in recent days that institutions might be wary, due to a recent fall in football share prices and Newcastle's future need for cash. There was also criticism of the lack of a profit forecast in the flotation information.

Chris Tighe

### Capital corrects document

Capital Corporation yesterday put out a correction on its defence document against the £196m (\$310m) hostile bid by London Clubs International at the request of the Takeover Panel.

The statement said the two groups had different methods of accounting on income from membership fees and catering revenues. Capital did not include this in its turnover figure. As a result, the document said the group had made profits of £33.08 per £100 of gambling win over the last four years, when the figure should have been £32.95. Three other figures were also overstated by small amounts.

Meanwhile shareholders in London Clubs unanimously backed the offer for Capital. Mr Alan Goodenough, chief executive, said the vote showed that shareholders had recognised "the compelling commercial logic" of the bid. But Mr Garry Nesbitt, chairman, said the offer was "dead in the water and their shareholders know that. All this vote does is keep their options open."

London Clubs is offering 47 of its shares for every 100 in Capital. At last night's close of 415p, the offer values Capital's shares at 195p each, against a close of 209p.

David Blackwell

### Farlake director quits

Farlake Group announced yesterday that Mr Peter Leonard, group managing director for the past 10 months, had resigned all his offices to pursue other interests. The company, which buys and lets dwelling houses, is listed on Aim. Its shares fell 15p yesterday to 310p.

Mr Leonard joined Farlake from Friends Provident. Farlake said yesterday that personal reasons had played a part in his departure, but declined further comment.

### Agreed offer for Phoenix

Co-operation Retirement Benefit Fund, an investment holding company, has made a recommended offer of 25p a share for the 22.8 per cent of Phoenix Timber Group not already owned by it. The offer values the supplier of specialist materials and services to the construction industry at £15.5m. Capital Partners, which holds 7 per cent of the shares, has agreed to accept the offer.

Phoenix shares rose 25p to 225p.

AEGON N.V., registered in The Hague, The Netherlands

#### FINAL DIVIDEND 1996

AEGON N.V. offers its shareholders the option to receive the final dividend for 1996 either entirely in cash, or entirely in stock to be paid out of the paid-in surplus or, if so requested, out of net income.

The proposed final dividend for 1996 in cash is NLG 1.61 per common share of NLG 1.00 par value. In view of AEGON N.V.'s strong capital base, the final dividend in cash will be between 2% to 5% higher than the value of the final dividend in stock. The number of dividend coupons, which will qualify for one new common share, will be in line with the value indicated - barring unforeseen circumstances - and will be based on the 27 May, 1997 average share price.

Compared to previous years, the period during which shareholders can choose between cash or stock has been reduced. Shareholders are now requested to make their choice known within a period of 11 days after the Annual General Meeting (AGM). This period is set out in the timetable given below. The period will end on 26 May, 1997 and shareholders can indicate a choice up to the close of the Amsterdam Exchange.

The final dividend will be submitted for approval to the AGM to be held on 15 May, 1997. The new shares will have full dividend rights for the 1997 fiscal year end subsequent years.

Trading in dividend coupons on the Amsterdam Exchange will be discontinued.

#### Timetable for final dividend 1996:

15 May, 1997 AGM: Approval of the final dividend.

16 May, 1997 Ex-dividend quotation of AEGON shares.

#### Period of selection:

Determination of the number of No. 10 dividend coupons required in order to qualify for one new common share.

Payment of dividend and delivery of new common shares.

Holders of shares which are held in custody, and who have opted for stock, will be given the opportunity to deliver the No. 10 dividend coupons, up to end including 26 May, 1997, to N.V. Nederlandse Administratie- en Trustkantoor, Harangraat 420, 1017 BZ Amsterdam, The Netherlands. If no choice has been indicated by them within the above-mentioned period, the dividend will be payable in cash.

## COMPANIES AND FINANCE: UK

# Nothing is simple with Lonrho

**O**n Wednesday, shareholders in Lonrho will be asked to approve the appointment of Sir John Craven, a merchant banker, to succeed Sir John Leahy, former UK ambassador to South Africa, as chairman of their company.

Nothing could be more indicative of the changed management objectives at Britain's most diverse conglomerate.

Lonrho's involvement in sub-Saharan Africa is undiminished. But with a break-up of the company now their principal goal, its directors want a man with financial engineering skills, and hands-on management experience, at their head.

The appointment of Sir John is being opposed by Pensions and Investment Research Consultants, the corporate governance watchdogs. Picc says that, as chairman of Deutsche Morgan Grenfell, the bank advising Lonrho on its demerger, he is too close to the company.

Lonrho officials insist that, as the bank's chairman, Sir John plays no part in its advice to the company.

Rather, they believe his skills will speed the demerger, and his pukka City reputation will help to rehabilitate him.

Dismantling the sprawling conglomerate is proving a complex task, writes Ross Tieman

Alwaleed bin Talal bin Abdulaziz al-Saud, the Saudi investor, has completed due diligence, and is now apparently putting financing arrangements in place for all but two of the hotels. At best, Lonrho may realise asset value for the hotels - some \$250m.

The man who tolls daily to piece apart the complex slab of companies assembled by Mr Rowland is chief executive Mr Nicholas Morell, a former managing director of the Observer Newspaper.

Strangely publicity-shy,

for a one-time newspaper man, Mr Morell will need all his dapper charm to placate shareholders disgruntled at the slow progress.

Since he replaced Mr Dieter Bock, the German property developer, last October, Mr Morell has re-cast Lonrho's break-up plans and, it would appear, laid some of the groundwork necessary to carry them through. But unlike Mr Bock, he has signalled his intention to depart once the break-up is complete.

The long-drawn sale of the company's 10 Princess resort hotels is proceeding. Prince

operating profits of £52m on sales of \$508m.

Mr Morell and his advisers are already discussing with the UK tax authorities the terms of a deal under which shares in Lonrho Africa could be distributed free to its shareholders without triggering heavy tax liabilities.

African Trading is slated to include Baumann Hinde, Lonrho's German cotton trader, together with Lonrho Belgium and perhaps FE Wright, a Lloyd's broker.

**M**r Morell has sold UK businesses, Metropolis Hotels and Harrison & Sons, the security printer. Tentative talks have begun with potential buyers of Cranlington Textiles and Sunley Turf Holdings, its construction group.

That leaves the com mining business, producing coal, gold and platinum in Africa. It generated profits last year of £20m, on sales of £460m.

Mr Morell has the tricky task of shaking off the two South African predators, platinum producers Gencor

and Anglo-American, who are battling for Lonrho Platinum.

Gencor owns 46 per cent of Impala Platinum Holdings, which in turn owns 27 per cent of Lonrho Platinum and a clutch of pre-emption and veto rights in the event of Lonrho Platinum being taken over. A planned merger of Impala and Lonrho Platinum was blocked by the European Commission.

Mr Morell wants to buy Impala out. Failing that, he may push for a flotation of the business, which would crystallise its value to both parties.

Anglo-American controls 27 per cent of Lonrho's shares, including an 18.6 per cent stake bought from Mr Bock, which the European Commission has barred it from voting because of concerns over concentration of platinum suppliers.

If Anglo could be persuaded to support a solution that saw Lonrho Platinum retain its neutrality, the value inherent in the residual mining business could accrue to Lonrho's investors.

That, at least, seems to be the plan. But as Sir John has already discovered, at Lonrho even the simplest things become peculiarly complicated.



Nicholas Morell: toiling to break up the slab of companies built by 'Tiny' Rowland

## NEWS DIGEST

## Avalon Oil raising £32m

Avalon Oil, the US-based company with an agreement to develop oil reserves around one of Russia's biggest gas fields, has raised £21.7m through a placing of 43 per cent of its shares with institutional investors.

The company, which will be quoted on Aim, is expected to have a market capitalisation of £76m when trading begins, probably on April 1.

Mr John Wieszcerek, the engineer from Tulsa, Oklahoma, who founded the company, retains a 32.2 per cent stake and Mr Randall Sullivan, chief executive, has a 10.7 per cent stake. Both have agreed not to sell shares for at least two years.

Avalon's sole asset is a 49 per cent holding in Stimul, a joint venture with Orenburggazprom, a regional subsidiary of Gazprom, Russia's biggest company.

Stimul has a licence to develop the oil reserves around the Orenburg gas field in southern Russia. The funds raised in the placing will be used to develop the field.

Mr Wieszcerek said he hoped oil production could be boosted from an average of 3,000 barrels a day to 12,500 b/d by the end of the year and 50,000 b/d by 2001. Yesterday he disclosed that studies were under way to determine if the target output for 2001 could be doubled.

Stimul's chairman is Mr Vasily Nikolaev, head of Orenburggazprom. Contrary to earlier reports, he will not have a stake in Avalon.

## Petrol price war knocks Frost back 7%

By Michael Lindemann

The petrol price war, driven by Esso's Price Watch campaign, knocked 7 per cent off 1996 pre-tax profits at Frost Group, the UK's largest independent petrol retailer.

However, Mr James Frost, chairman, said 1997 was likely to be better because of signs that Esso's price cutting was letting up.

Less competition on prices would give volume increases of greater consumer confidence and because fleets had largely completed the switch from petrol to diesel, Mr

Frost said. But he warned of problems if Esso continued its price war. "I do not have pockets big enough if Esso decides to get stuck in".

Pre-tax profits in the year to December 31 fell from £11.1m to £10.4m, while sales came down 5 per cent from £451m to £430m. However, a final dividend of 3.5p is payable, making a total of 7.1p, up 14 per cent on 1995.

• **COMMENT**

Frost maintained its margins because it refused to enter

the price war and there is some evidence that the pressures have eased since the beginning of the year. Frost will also benefit, until the end of this year, from the advantageous ICI contract which came with the 1995 Burmash purchase. Pre-tax profits are forecast to rise to about £15m this year, putting the shares on a p/e of about 8.5 times. Investors tempted should think twice because Frost faces powerful competitors.

## Rotork up 15% and more promised

By Peter Marsh

Rotork promised "further progress" this year after the specialist engineering group unveiled a 15 per cent rise in annual pre-tax profits. It increased its dividend by close to 50 per cent.

Mr Bill Whiteley, chief executive, said the order book for 1997 so far was 20 per cent up on the same period.

Pre-tax profits for 1996 amounted to £17.7m (£15.3m) on sales 14 per cent ahead at £90.8m. The result was after an exceptional £1.3m charge for goodwill.

Rotork is the world's biggest maker of heavy-duty valve actuators, used in controlling the flow of liquids in installations such as power stations, oil platforms and water treatment plants. Some 85 per cent of its sales are outside Britain, with 30 per cent to the fast growing economies of eastern Asia.

The company said all its overseas subsidiaries had turned in higher profits, with markets in Asia and South and North America looking particularly strong. Last year the UK was "relatively quiet" although demand was picking up this year, partly because of signs of higher investment in the water industry.

Rotork warned that the stronger pound, though having a "minimal effect" last year, would "hold back the rate of growth during 1997". Earnings per share showed a 7 per cent rise to 11.9p and the proposed final dividend of 5p makes a total of 8p, up 48 per cent.

The shares rose 2.2% to 17.8p.

• **COMMENT**

Rotork is a good example of an engineering company which has found a niche, and stuck to it, maintaining an impressive hold on a small but far from unimportant global industry. With an estimated 30 per cent of the world market for electrical equipment controlling the movement of heavy valves, the company is in a sound position to continue its growth, much of which has been sparked by high investment in infrastructure development in the emerging economies of eastern Asia. Barring slips-ups, it is 20 per cent premium to other engineering stocks, based on a forward multiple of 16 and prospective profits this year of £22m, looks more than justified.

## Fleming targets foreign buyers

By George Graham, Berlin Correspondent

Fleming Japanese Investment Trust is to become the first investment vehicle of its type to issue global depositary receipts in a bid to attract overseas investors who find US shares cumbersome to deal with.

Investment trusts, set up as companies with a fixed number of shares, are a peculiarly British institution, and few trusts have any foreign shareholders. Most overseas markets use open-ended investment

funds similar to unit trusts. But Fleming believes that the GDRs, denominated in dollars and settled through the Cedel Bank and Euroclear systems used to settle eurobonds, will encourage investors in Asia and continental Europe to look again at investment trusts.

If demand increases, that could narrow the gap between the trust's share price and net asset value, which is currently almost 5 per cent. "Any new source of demand is obviously welcome at a time when discounts are quite wide," said

Mr Peter Walls, investment trusts analyst at Credit Lyonnaise Lang.

As listed securities, the GDRs will be aimed only at institutional investors, not at the retail market.

"I don't think this is going to solve any major issues overnight, but it gives the potential for more demand," said Mr Robbie Robertson, director of investment trust research and sales at Dresdner Kleinwort Benson.

The move does not involve any new issue of shares. To meet demand for GDRs, HSBC James Capel, the

depositary agent, will buy existing shares and repack them.

The issue of GDRs will not solve the problems investment trusts have had in Germany. There, closed-end funds such as investment trusts are banned from marketing themselves to the public, and any investor who buys tax is taxed not only on dividends but also on undistributed gains realised within the fund.

The European Commission is now taking the German government to court for discrimination.

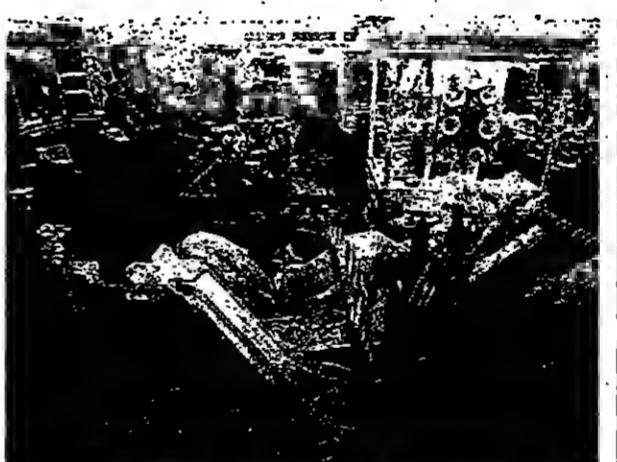
## Edge in £26m cash call

Edge Properties, the retail warehouse developer, is calling for £26m via a 3-for-2 rights issue to fund the £21m acquisition of the Meols Cop Retail Park in Southport, written Joan Gray.

The company is also to pay £13m for the Patriot Drive retail warehouse site near Milton Keynes, currently let to Texas Home Care.

The rights issue, underwritten by Cazenove, is of up to 19.95m new ordinary shares at 18.5p per share.

"We are trying to grow Edge in a transactionally based manner, expanding as we see the right opportunity," said Mr Nicholas Vetch, chief executive. "Supply of retail warehouse sites is constrained because of strong government interventions and these sites are up and running and let."



Traditional food areas, such as hampers, showed growth

Sales to Japan rose 12 per cent, helping the export division report a 4.5 per cent rise in turnover. However, sales to other south-east Asian markets fell.

Earnings per share were unchanged at 17.4p and the dividend is held at 4.3p.

Fortnum & Mason is 89.9 per cent owned by Whitington Investments.

• **COMMENT**

Mr Lang decided the bid raised no issue of competition warranting a referral to

the Monopolies and

Competition Commission.

Six reports from the

Monopolies and

Competition Commission

are expected before the election on May 1

- most of them destined to

land on Mr Lang's desk.

These include an inquiry

into the proposed merger of

ferry operations run by P&O

and Stena on the Dover-Cal-

ais sea route, a report into

the proposed merger of

Bass and Carlsberg-Tetley

brewing businesses, and a

review of price controls on

the British Gas TransCo

pipeline business.

It is thought that Mr Lang

will not publish any deci-

sions except in cases where

the MMC gives deals a clean

bill of health and he has no

powers to intervene.

## Bid for Yorkshire Elec approved

By Simon Holberton and Ross Tieman

The £1.5bn bid for Yorkshire Electricity by American Electric Power and Public Service Company of Colorado was yesterday approved by Mr Ian Lang, president of the board of trade.

His decision, one of the last expected on merger issues before the election,

the Monopolies and

Competition Commission

has ensured success for bid vehicle Yorkshire Holdings' 92p-a-share offer for the regional electricity company. It leaves Southern Electricity as the only independently quoted reg. Southern is now seen as secure from bid activity until after the General Election on May 1.

Mr Lang decided the bid

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## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends corresponding to dividend paid	Total for year	Total last year





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## COMPANIES AND FINANCE

**DnB in bid battle for BNbank**By Greg McIvor  
in Stockholm

Den norske Bank, Norway's biggest bank, was yesterday involved in a takeover battle with Fokus Bank, a smaller rival, for BNbank, one of the country's leading mortgage lenders.

The spat raised the curtain on what many analysts predict will be a fresh round of restructuring this year in Norway's fragmented financial services sector, mirroring recent deals in Sweden.

DnB's Nkr155 a share cash offer, valuing BNbank at

Nkr1.9bn (\$281m), trumped a Nkr1.90 a share merger proposal earlier in the week by Fokus. But Fokus responded by lifting its paper-plus-cash bid to the equivalent of Nkr211.10 a share.

The rivals are among BNbank's largest shareholders, with stakes of about 7.5 per cent each. The two leading shareholders are a Norwegian mutual loan association and a state pension fund, which together hold 19.5 per cent.

Mr Frode Hassel, BNbank chief executive, said no advice had been given to

investors pending the board's consideration of the offers. However, he said a cash bid was "probably preferable" for shareholders.

DnB said the acquisition of BNbank would strengthen its presence in Trondheim, where BNbank is based.

Fokus has a 30 per cent market share in the region, while DnB has only 9 per cent.

DnB last year won a takeover tussle with Aegon, the Dutch insurer, for Vital, the Norwegian insurance group, after Aegon had initiated the bidding.

He said Fokus was trying

DnB and Fokus are keen to defend their positions in a market where competitive pressures are increasing. Several Nordic banks have entered the Norwegian sector in the past couple of years, adding to pressure for rationalisation.

"There is still quite a lot of restructuring to come. Margins are under a lot of pressure due to heavy competition," said Mr James Alexander, European banking specialist at Dresdner Kleinwort Benson in London.

He said Fokus was trying

to make itself harder for any predator to swallow.

Fokus has estimated annual cost savings at Nkr50m and emphasised it believed "very big" potential exists for cross-selling. Merging with BNbank would, however, still leave it in fifth place among Norway's banks, with total assets of Nkr54.1bn.

Shares in BNbank rose Nkr12.50 in Oslo yesterday to close at Nkr206, short of the Fokus offer level. Fokus shares eased Nkr1 to Nkr69 and DnB stock firmed Nkr0.70 to Nkr28.

**Venture formed to counter Microsoft**By Nicholas Denton  
in San Francisco

Two of Microsoft's biggest rivals yesterday announced a joint venture to stop the software giant dominating the growing market for intranets - corporate networks which use Internet technologies.

The partnership links Netscape, the two-year-old developer of Internet software, and Novell, the Utah company whose NetWare operating system is used on four million of the powerful server computers which drive corporate networks.

Microsoft said Deutsche Telekom had taken the equivalent of 16 transponders on the Astra 2 digital satellite, enough to transmit about 150 television channels simultaneously.

A Telekom spokesman said the decision concerning its intranets, which are used for the distribution of television programmes, was based on an analysis of projected capacity needs. The capacity offered by SES

Astra and Eutelsat was "sufficient" for Telekom's needs.

Deutsche Telekom holds a 16.7 per cent stake in SES Astra and an 8.1 per cent stake in Eutelsat. Telekom said the fact that two companies were competitors did not present a problem and that it had no plans to opt for one or the other.

*Raymond Snoddy, London. Frederick Stidemann, Berlin*

**VW chief's contract renewed**

Volkswagen, the German carmaker, said yesterday its supervisory board had renewed the contract of Mr Ferdinand Piëch, chairman, for another five years, beginning January 1998.

Mr Piëch, renowned as a tough cost-cutter, has been credited with the group's sharp turnaround from a hefty Dmls4bn (\$1.15bn) loss in 1993. The decision to renew his contract was widely expected in spite of speculation in recent years that Mr Piëch might be forced to leave over the group's lengthy and highly-publicised legal battle with General Motors of the US over allegations of industrial espionage.

Mr Piëch hired, and repeatedly expressed his support for, Mr José Ignacio López, the former GM executive at the centre of the allegations. The US group accused Mr Lopez of taking sensitive documents with him when he joined VW as purchasing chief in 1993. Mr Lopez resigned from VW last November and Volkswagen, which repeatedly denied GM's allegations, settled with the US group out of court earlier this year.

VW said it was also renewing until 2001 the contract of Mr Jens Neumann, board member responsible for strategy and legal affairs. Mr Martin Posth, a board member for nine years, would leave the company on April 5 "by mutual agreement". Mr Robert Büchelhofer, board member responsible for global sales and marketing, would take over Mr Posth's responsibilities for the Asia-Pacific region.

*Sarah Althaus, Frankfurt*

**Gencor scraps CVRD bid**

Gencor, South Africa's second-largest mining house, has abandoned its bid for a stake in CVRD, the state-owned Brazilian mining group due for privatisation.

The sale was widely expected by analysts to pit Gencor against South Africa's largest mining house, Anglo American, in the bidding for the copper conglomerate. Both groups were understood to be in the final stages of negotiations to form consortia with local financial and industrial groups.

Gencor may have been deterred by differences with its prospective partners or by the terms of the privatisation, which were published by the Brazilian authorities on March 7.

*Mark Ashurst, Johannesburg*

**Matif invites bets on Emu**By Richard Adams  
in London and  
Andrew Jack in Paris

The battle between Europe's leading financial exchanges in the run-up to European monetary union intensified yesterday, with a surprise move by Matif, the Paris futures and options exchange.

The Paris exchange unveiled a range of new futures and options contracts, including contracts that let investors bet on the likelihood of Emu going ahead.

Matif is also introducing options and futures contracts based on the "Bohl" five-year German bond, which will take Paris into direct competition with Deutsche Terminbörse (DTB), its counterpart in Frankfurt.

The announcement drew sceptical reactions from Matif's rivals in London and Frankfurt.

Mr Gérard Pfauwadel,

Matif chairman, said the new contracts were in response to the "brutal competition" for business between exchanges, and was in preparation for the introduction of the single Euro currency from 1999.

Emu could shrink the market in European futures and options trading. The dominant European exchange is Liffe, the London international financial futures and options exchange. Paris and

Frankfurt hope the UK's decision to stay outside Emu will attract business away from London.

But Daniel Hodson, the chief executive of Liffe, said London remained the leader in European interest rate futures. "I think our position in London is pretty solid," Mr Hodson said.

Matif said it would begin trading options in long-term spread contracts on May 30. These allow investors to take positions on the differences in yield, or percentage return, between French, Italian or Spanish government bonds against German bonds.

Dealers said the new con-

tracts allow investors to bet on the prospects of Emu going ahead, or on one of the countries joining Emu.

For example, investors expecting Italy to join the single currency would buy an option - giving the right to buy or sell a product at a set price at a later date - wagering that the difference between Italian and German bond yields would fall.

News of Matif's decision to launch a five-year German bond future was criticised by traders, who said there was not enough liquidity to sustain a rival to DTB.

Mr Stefan Lintz, a vice-president at DTB in Frankfurt, said: "The first

move's advantage in products is usually decisive," pointing out that Frankfurt's Bohl future had 91,000 daily trades.

In 1993, Liffe launched a similar contract but had to abandon it the following year, owing to insufficient trading activity. Mr Hodson said a re-entry to the Bohl market was among plans being considered.

Mr Pfauwadel said Matif had to carry a Bohl future for technical reasons.

Matif is also introducing an option on the yield spread between US Treasuries and German bonds, and a five-year French franc bond future.

Dealers said the new con-

tracts are likely to be popular.

Mr Hodson said: "The fewer things that you have to change, the faster you can get on with the rest of your life."

**FT/S&P ACTUARIES WORLD INDICES**

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

**NATIONAL AND REGIONAL MARKETS**

	THURSDAY MARCH 20 1997						WEDNESDAY MARCH 19 1997						DOLLAR INDEX											
	US	Pound	Day's Change	Yen	DM	Local	Local	US	Pound	Day's Change	Yen	DM	Local	US	Pound	Day's Change	Yen	DM	Local	US	Pound	Day's Change		
show number of lines of stock	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index	Index
Australia (76)	218.21	0.6	202.94	170.26	181.85	184.22	0.3	4.12	216.98	201.41	168.35	168.88	183.71	225.77	184.77	198.77	216.98	201.41	168.35	168.88	183.71	225.77	184.77	198.77
Austria (42)	184.07	-0.6	171.13	143.58	161.26	161.30	-0.5	1.21	182.15	171.85	151.50	151.50	174.84	214.70	174.70	194.70	182.15	171.85	151.50	151.50	174.84	214.70	174.70	194.70
Belgium (20)	228.70	-2.7	212.78	184.00	198.20	198.17	-0.1	2.27	223.98	216.18	180.70	180.59	194.25	241.54	194.25	206.95	223.98	216.18	180.70	180.59	194.25	241.54	194.25	206.95
Canada (116)	210.30	-0.5	202.99	184.00	198.35	198.35	-0.1	1.21	213.98	190.08	150.51	150.51	183.40	231.33	151.42	151.57	213.98	190.08	150.51	150.51	183.40	231.33	151.42	151.57
Denmark (32)	266.03	-2.5	219.07	150.34	168.84	168.77	-0.7	1.92	213.98	180.08	150.51	150.51	183.40	231.33	151.42	151.57	213.98	180.08	150.51	150.51	183.40	231.33	151.42	151.57
Finland (29)	250.03	-2.3	222.53	165.09	175.25	175.25	-2.0	1.71	250.60	237.84	198.58	198.58	223.88	271.51	174.47	187.97	250.60	237.84	198.58	198.58	223.88	271.51	174.47	187.97
France (71)	215.43	-1.9	200.45	168.09	181.81	182.28	-1.5	2.73	219.51	203.75	170.32	170.32	195.27	225.54	168.81	186.81	219.51	203.75	170.32	170.32	195.27	225.54	168.81	186.81
Germany (59)	195.21	-1.8	182.84	153.10	172.06	172.06	-1.5	1.56	199.74	185.40	154.98	154.98	174.47	205.33	164.47	172.54	199.74	185.40	154.98	154.98	174.47	205.33	164.47	172.54
Hong Kong (59)	454.92	-1.4	422.53	354.50	389.83	451.65	-1.4	3.42	464.50	401.53	357.37	357.37	409.00	514.49	407.55	426.15	464.50	401.53	357.37	357.37	409.00	514.49	407.55	426.15
Indonesia (27)	231.51	-0.1	215.31																					

**swissair**  
world's most refreshing airline.

# COMPANIES FT MARKETS

**swissair**  
world's most refreshing airline.

Weekend March 22/March 23 1997

## Bre-X shares on hold after gold field doubts

By Clay Harris in London

Shares in Bre-X Minerals, the small Canadian company which claims to have found the world's largest gold deposit, were suspended yesterday after an Indonesian newspaper cast doubt on the size of the exploitable reserves.

The newspaper, Harian Ekonomi Neraca, said reserves at Busang, in the province of East Kalimantan on the island of Borneo, could be below the 71m ounces previously estimated by Bre-X. It added that the discovery might not be commercially viable.

The newspaper referred to a review by Freeport-McMoran Copper & Gold, the US mining company which plans to develop Busang and is now undertaking "due diligence". This includes testing the ore body.

In Calgary, Bre-X said Freeport had confirmed its president, Mr David Walsh, that the investigation at Busang was proceeding and it had "not commented on the progress, to the press, in this regard".

Freeport said: "We have made no public report. We are not making any until the due diligence is completed."

The new doubts raised in Indonesia are the second potential setback this week to the Busang project, which had



Setback: David Walsh

already been the subject of lengthy political wrangling in Indonesia.

On Wednesday, Mr Michael de Guzman, Bre-X's chief geologist who helped to discover Busang, disappeared in mysterious circumstances on a helicopter flight to the site, where he was to meet the Freeport team.

Based on interviews with the pilot and engineer, police said Mr de Guzman, 40, had opened the rear door of the helicopter and jumped from a height of 800 feet. His body has not been found. Police said a suicide note, saying he was "giving up" life because of disease, was found in his bag.

Trading in Bre-X was halted in Toronto yesterday after only six minutes. During this time, the shares fell by C\$1.20 to C\$16.25. In New York, Freeport shares were down 5% to \$20.25 at 2pm.

Bre-X has previously publicly suggested that the 71m-ounce estimate of reserves was, if anything, too conservative. Interviewed by mining analysts last month, company officials hinted that the figure would be raised shortly to about 65m ounces.

Mr John Felderhof, senior vice-president for exploration, who had shared credit for the discovery of Busang with Mr de Guzman, went even further and said at the time he would be "comfortable" with an estimate of 200m ounces. Mr Felderhof was yesterday travelling to Indonesia.

After a long battle over ownership, Bre-X agreed last month to cut its stake from 90 per cent to 45 per cent, leaving 10 per cent to the Indonesian government and 30 per cent to two Indonesian companies controlled by Mr Mohamed Hasan, a confidant of President Suharto. Freeport will own the other 15 per cent if it signs a final agreement.

Both companies said on Thursday they expected the deal to be concluded on schedule by the end of March.

**ABF has \$4.7bn to spend after Tesco deal**

By Peggy Hollinger

Mr Garry Weston, chairman of Associated British Foods, said his company hoped to make a substantial acquisition in the next year, and could spend up to £2bn (\$4.7bn) after yesterday's sale of its Irish supermarket chains for £640m.

ABF will have net cash of about £1.4bn after selling the supermarkets to Tesco, the UK's biggest supermarket operator. Mr Weston said the group was most likely to look for opportunities in the specialty sector such as sugar, starch or base materials for the pharmaceuticals industry.

He admitted that ABF was interested in the starch and fragrance businesses being sold by Unilever, but said they would "have a very high price" and stressed other potential acquisitions were also being examined.

Mr Weston, who turns 70 next month, also suggested for the first time he might retire from the board of his family-controlled company, where he has worked for 50 years. He said he expected to "carry on for a couple of years".

Tesco plans to invest £100m in refitting some of the 109 stores it has purchased.

See Lex

### THE LEX COLUMN

## Liggett's smokescreen

Liggett's dramatic legal settlement does not spell doom for the tobacco industry. Its admission that smoking is addictive and can cause diseases appears damning. But in a lawyer's hands, addiction can be a slippery term. The US surgeon general has warned since 1964 that cigarettes are addictive, yet this has not helped plaintiffs win in the courts. Similarly, even if the link between smoking and disease is now openly acknowledged, each litigation will still have to prove causation in his or her individual case.

As one of the smallest US tobacco companies, Liggett also had more of an incentive to insulate itself from future claims, even at the cost of 25 per cent of future profits. Indeed, its decision to settle could be seen as a last, desperate attempt to prod one of its larger rivals to take it over in order to silence it.

All that explains the muted reaction among tobacco stocks yesterday. Nevertheless, shares in Philip Morris, RJR Nabisco and BAT Industries have lost 12-15 per cent in the past month. Longer term, therefore, the pressure on management to eliminate litigation worries remains considerable. In BAT's case, for instance, the stock market is in effect valuing its \$1bn of US tobacco profits at zero. Assume BAT agrees to give away 50 per cent of those profits to settle all cases - not just the ones with US states that Liggett has dealt with. If the other 50 per cent was than given a more normal rating, it would add around £12.5bn (\$19.8bn) or 15 per cent to its market value.

### FTSE Eurotrack 200:



include Poland's sugar mills, which are currently being privatised, or the corn milling business of CPC in the US.

A more intriguing idea would be a tilt at Tate & Lyle, whose record has been less than sparkling. ABF would have to sell on Tate's UK sugar business, and at more than £3bn, including debt, the price tag could prove a bit of a stretch. But the real question is whether Mr Weston would care to launch what would almost certainly have to be a hostile bid.

For Tesco, meanwhile, yesterday's purchase allows it to leapfrog UK rivals to become Ireland's leading supermarket retailer. And at 50 per cent of sales, against 66 per cent for William Low, the price tag does not look extravagant.

### Radio spectrum

The prospect of loss of office concentrates the mind wonderfully. Hence, presumably, the wonderful range of privatisation wheezes from Britain's Conservative government in recent weeks. The latest - the scheme to auction the airwaves - is no exception. Wacky though it may sound, the notion is compelling. An auction stands a fair better chance than civil servants of allocating badly clogged spectrum to those who can make best use of it. And although big users like mobile phone groups would probably have to pay much more, they would also have a better chance of getting their hands on capacity in the first place.

The scheme would also raise cash for the government - according to the Tories, perhaps £1bn in the first instance. That figure, which probably errs on the side of caution, should be easily enough to get the opposition Labour party interested in the idea. Few means of cash-raising, after all, can be so easily defended on economic grounds.

But if the Tories have handed Labour a useful new policy on a plate, the pity is that he has not been more radical. For one thing, the government is far too nervous of allowing secondary trading in spectrum. For another, its proposal that public sector users like the military need not take part in auctions is a cop-out. Such users should certainly pay a fair market price for space they take up; that way, they would have a powerful incentive to consider whether they need it.

## Kodak shares fall on 'flat sales'

By Richard Waters  
in New York

Shares in Eastman Kodak fell by 11 per cent yesterday morning, wiping \$30m from its stock market value, as the US photographic products company revealed that its sales growth had halted in the first two months of this year.

The news comes as Wall Street is monitoring the general profits outlook for US companies, thanks in part to recent comments by Mr Alan Greenspan, chairman of the Federal Reserve.

Mr Greenspan said this month he did not believe US share prices were too high, because of the rise in the US dollar and lower selling prices.

provided companies could match the expectations for profit growth this year.

Kodak, one of the 30 companies in the Dow Jones industrial average, did not predict what effect the sales slowdown would have on its earnings. But its shares plunged by 3% to \$78.60 by lunchtime as analysts abandoned their expectations of the company's earnings per-share continuing their double-digit growth of the past two years.

The company said sales in the first two months of this year were "essentially flat" compared with the year before, because of the rise in the US dollar, appeared to have enabled it to seize an extra 3 per-

centage points of film sales in the US recently, he added.

The dollar's appreciation has also eaten into Kodak's reported sales from outside the US - an effect that will be reflected by other US-based multinational companies when they report first-quarter earnings.

Mr Charles Hill, research director of First Call, which monitors earnings expectations, said that despite some recent profit warnings from other US companies, there had been less negative news on earnings than was normally the case just before a quarterly reporting season.

World stocks, Page 19

Markets latest	
FTSE 100:	429.8 (-3.5)
New York: 1000	1000 (-0.3)
FTSE Eurotrack 100:	219.07 (-0.03)
FTSE All-Shares:	2078.00 (-0.19)
National Express:	4 (1.38)
Nike:	15,032.16 (+138.45)
New York: Nasdaq:	9,002.15 (-18.15)
Dow Jones Ind Ave:	9,020.21 (-0.03)
S&P Composite:	786.73 (+0.37)
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New York: Nasdaq:	9,002.15 (-18.15)
Dow Jones Ind Ave:	9,020.21 (-0.03)
S&P Composite:	786.73 (+0.37)
FTSE LONDON MONEY:	3-400 (0.25)
London:	3-400 (0.25)
FTSE 100:	429.8 (-3.5)
FTSE Eurotrack 100:	219.07 (-0.03)
FTSE All-Shares:	2078.00 (-0.19)
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FTSE All-Shares	



## PERSPECTIVES

**B**efore the era of scientific astronomy, this would have been a year of ill omen, as the brightest comet in living memory blazed for months in the night skies. Now we can reassure ourselves that Comet Hale-Bopp is no more than a gigantic dirty snowball from outer space, trailing tails of gas and dust as it swoops through the inner solar system - and enjoy the spectacle from a safe distance.

When Hale-Bopp makes its closest approach to the Earth today it will still be 123m miles away. That is further away from us than the sun (93m miles).

But irrational ideas that comets are agents of doom are not dead yet; indeed the latest technology is helping to revive them. The loonier fringes of the Internet have been buzzing for months with stories that Hale-Bopp has changed course to head for the Earth and/or that a huge alien spacecraft is using the comet as cover for a voyage to explore the solar system. As usual UFOologists are accusing Nasa, the US space agency, of covering up vital evidence - in this case pictures that show Hale-Bopp with a mysterious travelling companion.

More traditional apocalyptic voices are responding. As long ago as December 1995, just after astronomers had first gone on record with statements that Hale-Bopp might put on a brilliant show early in 1997, the FT

Both the loony fringe and scientists are dazzled by the comet's brightness, says Clive Cookson

received a faxed "world news flash" announcing: "Dazzling comet explosion will shock the whole world by April 1997! Cosmic Day of Judgment 1997! There will be a new political leader in Britain when the spectacular comet appears!" According to the release, Sister Marie Gabriel, a "visionary mystic", predicted these events in June 1985 - 10 years before US astronomers Alan Hale and Thomas Bopp discovered the comet that bears their names.

In fact, orthodox scientists were wary about predicting an astronomical show of the century from Hale-Bopp until a couple of months ago, because the brightness of a comet is notoriously unpredictable. They did not want to repeat the embarrassing mistake of 1973 when the much-hyped Comet Kohoutek turned out to be a sad anti-climax. The headline on this column last November expressed the uncertainty: "Climactic comet or April fool fizzle?"

Many FT readers will have seen the answer for themselves. After dark Hale-Bopp is already visible with the naked eye in the



Hale-Bopp comet, the bright light seen over Chautauque Lake in Bemus Point, New York

light pollution of London, and in rural areas it shines as brightly as anything in the night sky, except for the moon.

Hale-Bopp will probably continue to brighten until April 1,

its closest approach to the sun (86m miles), when solar heat will be driving off gas and dust most rapidly from the comet's frozen nucleus.

It will then fade gradually over

the following few weeks. To view Hale-Bopp, it is essential to choose a clear night and highly advisable to choose somewhere well away from urban lighting. Under those conditions,

you cannot miss the comet and its magnificent tail if you look in a north-westerly direction in the evening or in a north-easterly direction in the early morning before dawn. (Although Hale-Bopp is visible throughout the hours of darkness, it dips down to a very low angle above the horizon in the middle of the night.)

If the conditions are not quite right - if, for example, there is still a gassy orange glow from distant streetlights over the horizon - you may well feel a sense of mild anti-climax as you gaze at Hale-Bopp, and you may wonder why comets struck such awe into your pre-industrial ancestors.

Remember that nights really were darker then, and most people were far more personally aware of the stars and planets in the night sky than we are today. Remember, too, that people had not been "spoilt" by seeing a vast range of photographs and electronic images, moving and still, of heavenly bodies, real and imaginary. Compared with a science fiction movie, a planetary show or even a good fire

work display, a real comet could seem like a static splodge of dull white light.

Hale-Bopp and its tail cover such a wide field of view - about the same as two clenched fists held together at arm's length - that the overall effect is best appreciated with the naked eye or a pair of low-magnification binoculars. If you want to record the event for posterity, an ordinary SLR (single lens reflex) camera mounted on a tripod will give good results with fast film and an exposure of one minute or so.

Meanwhile, professional astronomers are focusing powerful telescopes on Hale-Bopp to investigate its detailed construction and composition. The most thoroughly studied comet so far is the famous Halley, which was observed by a fleet of spacecraft on its last visit in 1986. But Hale-Bopp is 10 times more active than Halley at its peak and spectroscopic analysis has already revealed molecules not previously detected in a comet.

The material in comets is believed to be left over from the formation of the sun and its planets 4.5m years ago. A vast number of potential comets, the so-called Oort cloud, remains deep frozen in the outer reaches of the solar system. Occasionally a passing star gives one of them a gravitational nudge that propels it towards the sun - converting the dirty snowball into a fiery comet.

## Minding Your Own Business

## The free card trick to success

**H** Heather Farmbrough on a postcard advertising company hoping to deliver throughout Europe

**I**n 1992, Mimmi Selin came to London from Stockholm, intending to stay for just a few months. Five years later, she has little intention of going home while her postcard advertising business, Cardguide, carries on growing.

The cards can be found in bars and restaurants in London, Edinburgh, Glasgow, Manchester and Leeds. They look like any other postcard on the front, usually with a striking visual image or a witty slogan. But on the back, taking up no more than a third of the left-hand side, is a company logo or slogan.

Each card is designed by an advertising agency for its client who advertises on the back of the card. Cardguide is paid a fee by the advertising agency to display their client's card for a month in a rack of 18. Customers take the cards for free.

Selin first thought about using postcards for advertising in February 1991 while working for the Swedish agency Riffi in Stockholm as a copywriter. Diallumed with conventional advertising, she had been looking for a new way to reach the most elusive group of consumers - young, affluent high spenders, who are rarely at home and so difficult to reach with TV advertising. So with the help of a friend, Anna Heyman, a former IKEA manager and Hennes buyer, Selin came up with the postcards idea.

"We wanted to reach these people in a relaxed atmosphere. That's where advertising is most effective. So we wanted postcards that people would take because they liked them," she says.

The Swedish creative directors they consulted were enthusiastic. Selin's only previous commercial

experience was running her own record company at 17 to sell her boyfriend's records. She sold just 200 and had to close the business. More cautious this time, she kept overheads low - just the telephones and the rent for a small office.

In June 1991, Koteguiden (the Swedish Cardguide) was launched. Selin and Heyman invested no money in the business. They persuaded the printers and couriers who re-stocked the racks to wait a month for payment until advertising space on the second batch of cards had been sold.

Initially 50 bars and restaurants in Stockholm agreed to stock the racks. Within days they were empty. With the £2,000 profit made from the first month's sales they set up the company as an AB (Swedish limited company). They have refused to borrow any money for the business; everything comes out of cashflow. After just six months, racks went up in Gothenburg; after a couple of years, in Malmö and Lund.

In May 1992, Selin and Heyman decided the next step for the company was expansion overseas and they targeted London. Selin arrived in the UK in November 1992 to set up Cardguide as a separate company with £100,000 borrowed from the Swedish parent. She envisaged establishing the operation, getting it going and then returning to Sweden.

It wasn't hard to find restaurants and bars willing to take the racks - the initial 50 included Bar Italia in Soho, Cibo in Holland Park and the new Fifth Floor restaurant at Harvey Nichols. The advertising agencies were another matter, taking more persuasion than Selin had anticipated.

"The English public was very suspicious," Selin recollects. "They couldn't believe the cards were free."

Although many of the initial clients were record companies which wanted to promote new artists and releases, others included Royal Mail, which bought spaces for the whole of the first year. Pretty Polly, Carlton TV, radio companies and drinks manufacturers. The client list gradually grew to include fashion and fragrance companies such as

Bally, Paul Smith and The Gap and now totals 200 companies.

By the end of 1994, UK Cardguide had moved into profit and in the following year, Selin and her three employees moved into larger offices in Soho.

In 1995, racks were established in Edinburgh and Glasgow. Last year Leeds and Manchester were added. Printing and distribution costs are £3,600 a month for

45,000 cards, reaching 90 different venues in London or the UK due to opening in Leeds and Manchester. For the year to March 1996, turnover is expected to reach £1m in both countries.

Cardguide's success has inevitably invited competition. In 1995, Selin was in New York, exploring yet another market for Cardguide.

"I was in a store and saw a man putting cards in a rack

just like ours. He had taken our idea... but there was nothing I could do. He was free to put his cards anywhere," she says.

Undeterred, Selin intends to expand into two new European countries and two more UK cities this year. "We haven't decided where exactly," she says, "but my dream is to be in all the major European cities - Brussels, Paris, Munich and so on."

sacrificing each individual life and of giving society a moral purpose.

When I present this thesis, I am asked: "But do you, rabbi, believe in God?" My honest reply must be: "I desperately believe in him, but I am not certain he exists." Believers need to accept that God's existence will only be proved at the end of history. Until then, they have no choice but to act with the faith that their descendants if not themselves will see that God was more than an invention but an inspired vision waiting to be realised.

■ **Rabbi Dr Sidney Brichto** is senior vice-president of the Union of Liberal and Progressive Synagogues

## Truth of the Matter / Sidney Brichto

## Instructions for a do-it-yourself God

God of our own invention

The concept of a moral ruler of the Universe was invented by the Judeo-Christian movement and endorsed by Islam. It has motivated individuals to commitment and to self-sacrifice to achieve its moral objectives. It has led to remarkable achievements in politics, in the arts and sciences. A Promethean ethos born on Olympus and a Hebrew ethic born in Eden combined to make humanity rebellious against nature, and determined to manipulate, control and rule over her. At first, humans believed that this process

was in opposition to the gods. Finally, they convinced themselves that they were fulfilling God's will. "The heavens are the Lord's but the Earth He has given to the children of man." (Psalm 115:16)

Another important revolution was to stop seeing God as an arbitrary despotic ruler of the Universe, demanding animal and human sacrifices to satisfy his hunger for power. The prophetic God despises festivals but exults in human justice. Abraham gave God a moral lesson when he proposed to destroy the innocent along with the wicked in Sodom. "Will not the

Judge of all the earth act justly?" At the time of the Hebrew prophets the Greeks were giving up their belief in gods who raped pretty women. Euripides has Electra declare with deep conviction:

"Never more can we believe that there are gods, if impious wrongs triumph over justice."

The Greek gods, like the Hebrew God, were re-invented to promise good things to the wicked who would be punished for their wickedness. The subject of God in spite of the presence of evil, was born when it became apparent that more

often than not it was the good who suffered and the best who suffered most.

The modern Judeo-Christian God is a different invention. The moral but invisible God was too remote and had to be brought down to earth.

In the tragedy of Jewish life, he became personalised as a God who goes weeping into exile with his people. In Christianity, it is the Son of God or his mother Mary or the saints to whom believers relate. The nature of the gods we have invented will lead to different attitudes and actions. The God of St Francis of Assisi inspired gentleness; while the God of

the Templar Knights was not offended by the rivers of Jewish and Moslem blood his crusader heroes caused to flow.

Of course, the question must be asked: if God is an invention, does the invention exist? Aside from personal revelation or the acceptance of hearsay, we cannot know. On the assumption that God does exist we must still call him a human invention for the reasons I have given.

If we assume that God does not exist, does our invention of him matter? The answer must be "Yes". Martyrs and the victims of

holocaust demonstrate the enormous impact that the invention of God has had. But so, too, do the love of justice and compassion based on the belief that God created men equal, not to mention the countless individual lives which have been, and continue to be, touched, inspired, motivated and consoled by it.

Is it hypocritical to hold to a belief of which we have intellectual doubts because it gives us confidence, hope and a moral framework in which to live? Maybe. Yet I am convinced that the invention of a caring God is the most creative means of

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## PERSPECTIVES



Joe Rogaly

## I spy with my little eye something . . .

beginning with P. What could it possibly be in a UK election year? Surely not politics

**W**hich would you rather talk about this fine weekend — pornography or the British constitution? Very well, the constitution it will be. We must, however, begin with the other topic. For this week's Communications Decency Act, which seeks to protect children from porn on the Internet, was challenged in the US Supreme Court. That tells us much about constitutions in general, and the superiority of the American over the British model in particular.

We need not confuse ourselves with the details of the US case. You might protest that the elected congress and president represent the people, so their benign censorship should prevail. You could argue, as does

the other side, that the act infringes the freedom of speech guaranteed by the US constitution. Who is right? Traversed by opposing squads of lawyers, the US system provides clear rules of engagement.

This is not to say that it is without fault. Franklin Roosevelt tried to pack the Supreme Court when, in 1936, the bench ruled that his social legislation was unconstitutional. President Roosevelt won that year's election. A few months later the same judges, in the same court, found in favour of a minimum wage, social security and other bits and pieces of the New Deal.

As you read this, convicted killers who might have been kept alive under earlier US high court decisions await execution. In the 1960s, when others (never

you nor I) were permissive, justice smiled on loose behaviour; today it is more conservative. It desegregated the schools, but has since wobbled on busing. In short, judges in every country are humans. They have principles. It is just that these are never eternal.

Britain, home of the mother of parliaments, has the judges, but not the US system of checks and balances. The government — the executive — decides what to do. The House of Commons usually assents. There is no place to go from there, no written-down charter of rights. If judges seek to intervene, they must invent technicalities, or cite European Union law. British courts have used these devices well. They have built up a case-history based network of administrative

law and, increasingly in recent years, sought to protect individuals from the executive.

When all else fails, British litigants may appeal to the European Convention on Human Rights, the court for which sits in Strasbourg. Alas, this apparently happy arrangement is flawed. It takes on average six years to get a hearing. The outgoing Conservative government does its best to ignore unfavourable results. It would be better to adopt the convention as part of British law.

The UK Labour party, which is expected to win the country's election on May 1, has undertaken to do so. Optimists might characterise a British bill of rights as the first page of a written constitution, and ready reference to its paragraphs as the

first step towards a Supreme Court. British voters should not, however, get over-excited. There are at least three ways of building human rights into the law of a country ruled by a sovereign parliament.

The least powerful, adopted from New Zealand, would provide that the bill of rights should be used as a tool of interpretation for the courts, and then only where possible. Next up is the Hong Kong method, which would say that the new rights count for more than existing laws. New legislation would not necessarily be covered, as there would be an escape clause. The strongest protection would be the Canadian charter, which obliges parliament to state openly that particular new statutes are intended to override

specified rights. Labour is expected to take the New Zealand route. It trumpets its constitutional reforms as radical, but they amount to little more than a row of beans. The promise of a parliament for Scotland is something, but the proposed assembly looks more like the Glasgow city council writ large than the legislatures of Illinois or Quebec.

It is the same with Labour plans for modernising local government. We will not have strong local authorities while their budgets are controlled by the central Treasury. As to altering the voting system to proportional representation, I'll believe it when I see it. You could say that beans grow, that each of these steps will lead to greater things, a quasi-independent Scotland, perhaps, or permanent

coalition government. Even if that is true, the process is likely to be imperceptible.

Meanwhile the next British government will enjoy as much untrammelled executive power as the outgoing one — more if you count Labour's plan to turn the House of Lords into a committee of grateful appointees. How Bill Clinton must envy that one! If he could send Friends of Bill to the senate and keep the friends of his predecessor in a minority, his life would be sweet. He could appoint anyone he liked to sit on the Supreme Court bench, with no danger of rejection. The Communications Decency Act would be safe.

In anticipation of that, we must rush to the internet to search for something beginning with P. Politics, of course.

## Lunch with the FT

## Getting down to business with Superman

Pat Butcher meets a perfectionist, Michael Johnson, with a history of tummy trouble

**I**t is a good job that Michael Johnson is not a superstitious man. The last time we shared a meal table, about 4½ years ago, there began a chain of events which led him to food poisoning and failure at the Barcelona Olympics, where he had been outstanding favourite to win gold in the 200 metres.

On that occasion, he was in London on his way to his final pre-Olympic competition in Salamanca, and voicing wariness of foreign food.

I blithely assured him that, in a score of trips to various parts of Spain, I had never encountered any gastric problems. I might as well have spiked his dish there and then. He ate or drank something that was more off than my advice, was violently ill for days, arrived in Barcelona several kilos lighter than the task required, and didn't get past the semi-finals.

As you will know, Johnson recited matters in salutary fashion in Atlanta last year, becoming the first man in Olympic history to complete the 200m/400m "double", and setting a world record for the shortest distance of 19.22sec, a time which statisticians had reckoned would only be achieved circa 2025.

That pre-Barcelona meal had been in a hotel in Croydon, south London, not the most salubrious of places.

But like his 300m record, the location and the man had changed almost beyond recognition when we dined in New York recently. Johnson was in town for the Millrose Games, the oldest continuous indoor meeting in the world. The organisers had chosen a headquarters hotel similar to the one in Croydon, so Johnson's manager had billeted them in his Ivy League "alma mater" venue, the Penn Club on West 44th Street.

The translation from the one-piece lyrce of his cutaway Superman, woollen pin-striped that Savile Row would not disown, suited the marble and mahogany splendour of the reception and reading room downstairs. But the decor gave way to a mid-Atlantic anonymity by the 10th floor, so little detracted from Johnson as the centre of the waiters' attentions as we adjourned to eat in a private room next to a reception hosted by his management.

The biggest problem interviewing someone over lunch is, how do they get to eat? Sure enough, I had finished my smoked salmon and salad, and chicken and grill

led peppers while he had barely had time to lift a fork.

Maybe I was subconsciously remembering food-poisoning, but he seemed more happy to provide me with an earful than I was him with a mouthful. He was then commenting on TV for the first time, and it carried over to lunch.

One of the regular commentators had remarked afterwards that it was easy to see why Johnson was so good, because he kept asking what he'd done wrong, and how could be rectify it. I mentioned this.

"For my first time, I'm satisfied with it. It was fun, I liked it, and I want to get better at it. I'm not happy with it yet. I think I expected too much out of myself, but I like expecting too much out of myself. I didn't expect to be perfect, but I wanted to be damn close."

**T**he most obvious question, after his feat in Atlanta last year, was how he was going to prevent the rest of his career, even his life, being an anti-climax.

"I don't have to do that. From an athletics perspective, the Olympics is over, you've got to put that behind you and get on with the next race. It's just like any other person with a job. I enjoy what I do, and my competitive nature won't let me be satisfied with anything other than winning or doing the best that I can. Going into last season, I wasn't thinking that I was training just for the Olympics. I was training for the season, and the Olympics was one event of 20 in the year."

"On the other hand, because it's the Olympics, it's the biggest race of my life. It can't make or break me, but it can do a lot of things for me. But take the Olympics out of my career, have I not been successful?"

I've been very, very successful, and I've got a lot of fulfillment out of my job. I've still done a lot of good things, accomplished a lot of goals, overcome a lot of obstacles, still made a very good living, and had a very good and rewarding career."

It used to be that Johnson was monosyllabic, seemingly indifferent to the media. That has not completely changed. He doesn't exactly come on like boxing promoter Don King and engulf everyone with a mile-wide smile, and a spine-shrinking, "Hello, my friend!" But he is more communicative.

This was more like a business lunch, with Johnson discussing promotional strat-

egy. I elicited one genuine smile, when I asked apropos his investment in the Dallas Mavericks basketball team, whether he was any good at that.

He almost laughed. "I'm not good at basketball. I've never played."

"But I do enjoy being part of the decision-making team, especially since it's another sport. Well, put it this way, I offer my opinion, whether they take it or not is a different matter. I get to about half of their home games, and one thing you can say about the NBA, it's a well marketed, and it's a great investment. I mean, the city builds the arena, and the owners pick up the profit. It's a great arrangement."

If he couldn't play basketball, I observed that the Olympic skier, Picabo Street, is part of the same management group, and I hoped that she wasn't going to tempt him on to skis.

"Most of the time, people think you only learn from watching the good things

"I did promise her last



Michael Johnson: "I learned a lot from Carl, because of the mistakes he made"

year that I try it, but after she got injured I thought I'd put it off for about 10 years."

His post-Olympic book, *Staying The Dragon* (Platinum Press, \$19.95), firmly aimed at the US self-help market, was a welcome change from the usual turgid athlete bio.

But the criticism of Carl Lewis's off-track antics ("fashion designing and pop singing", "lack of restraint and humility") did not chime with the rest of the volume.

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"But I do enjoy being part of the decision-making team, especially since it's another sport. Well, put it this way, I offer my opinion, whether they take it or not is a different matter. I get to about half of their home games, and one thing you can say about the NBA, it's a well marketed, and it's a great investment. I mean, the city builds the arena, and the owners pick up the profit. It's a great arrangement."

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"Most of the time, people think you only learn from watching the good things

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people do, or watching some succeed at something. I learned a lot from Carl, because of the mistakes he made. It's my opinion that he could have done a lot more for the sport than he did, but because of his selfishness — and that's not what I said in the book but it's the way I feel — he didn't help the sport, and he didn't help himself."

A bleaker went off somewhere under his jacket, sending another forkful of food back to the plate uneaten as he consulted the offending machine. He was more likely to starve than succumb to food poisoning this time.

Still intrigued that he didn't want to try something different after being so dominant in his events, I essayed suggestions about hurdles, shorter races, longer races. But no, he's sticking with what he knows.

"I think I can still take a little off the 200 record, and

a lot off the 400 record." He is going head-to-head at 150m with Donovan Bailey, the fastest man over 100m.

There was a slight edge as he repeated a mantra I had heard given to an assembly of journalists earlier.

"This is what I do. I'm good at it. It's not about training for four years for the Olympics, and it comes along, and it's like Christmas, and it's over. It's not like that. Every race is exciting, but at the end of the day, it's a job. Just like yours."

There was an air of finality about that. He looked at me quizzically, stood up, shook hands, and left almost as abruptly as when he streaks out of those starting blocks. There was just one question left. If mine was a job just like his, how come a sportswear company doesn't pay me \$6m (plus bonuses) for the next three years?

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## Dispatches

## A racing uncertainty

John Riddings gives odds on Hong Kong's other religion

**A**s the punters placed their final bets, the graftbusters swooped. Agents of Hong Kong's Independent Commission Against Corruption sealed off the weighing room at the Sha Tin track and hauled away jockeys, trainers and a dozen other suspects for questioning about race fixing and illegal bookmaking. The raid last Sunday reverberated around the colony, dominating the press and revealing the power of racing in horse-mad Hong Kong.

Since a race track was clawed back from the mosquito-infested marshes of Happy Valley some 150 years ago, racing has become the territory's unofficial religion. Heads bowed, in prayer-like study of tip sheets, trackside crowds search for inspiration on race days. High above in the corporate boxes, Hong Kong's élite looks down on the vivid green turf. Add up the wagers taken by the Jockey Club and the total should reach more than HK\$90bn this year — about the sum bet on all the horses on all the courses in the US.

With its mix of money, speed and social classes, Chinese gambling and colonial gentility, the club is a concentrate of the community. Like that community, the club is racing headlong to the end of British sovereignty. And more than any other institution it will reveal whether Hong Kong and its culture can clear the looming hurdle.

Despite Sunday's scandal, the Jockey Club has steered a steady course to the transition, shedding its colonial image and its stuffy British past. It has reorganised the stewards who guide the club, dropped "royal" from its title and, last year, appointed Lawrence Wong as its first ethnic Chinese chief executive.

The former Ford executive had only been at the races twice before his new job — both times in Detroit. He talks with a soft American accent, of focus groups and how the client is king in style and strategy. Wong is a world apart from the stiffly starched British generals who previously held the reins.

But in many ways he is fitting choice. Born in China, he spent part of his childhood near the Happy Valley course before heading for Taiwan, the US and back to Taiwan where he ran Ford's operations.

"I am making a circular journey," he says. "I have taken the long route back." The way he sees it, he will return to the mainland for training for four years for the Olympics, and it comes along, and it's like Christmas, and it's over. It's not like that. Every race is exciting, but at the end of the day, it's a job. Just like yours."

Change has rippled further round the top ranks of the club. As smooth as a jockey's silks, stewards have been shuffled to mark the arrival of the territory's new élite. The seat, held once and always by a taiwan from James Matheson, the grandest of Hong Kong's founding trading houses, was taken in 1994 by Larry Yung, the son of China's vice-president and the head of Citic Pacific, the

biggest mainland-backed company in Hong Kong.

Yung has a passion for horses and has made his mark as an owner, with this year's Derby among his prizes. The other stewards read like a list of Who's Who in Hong Kong with legislators, lawyers and government officials prominent.

The stewards steer the club in a way that mirrors the governance of Hong Kong. They are selected by 200 voting members of the club, who are approved by the stewards. It is cosy, and none too democratic. But it allows quick and decisive management and smacks of the strong executive-led administration that is championed by Tung Chee-hwa, the shipping tycoon who takes over in July from Chris Patten, the last colonial governor.

Just like the territory's government, the club and its stewards sit atop a treasure chest

A large chunk of the balance goes to the Jockey Club Charities Trust, the territory's largest benefactor and financier of hospitals, colleges and parks. This has helped secure popular affection; but it might also prompt concern. The honey pot could appeal to cash-strapped cadres, while lack of accountability fills some with unease. "It is a familiar story in Hong Kong," says a Democratic party member.

"A powerful institution, vulnerable because it lacks transparency or democratic credentials."

Integrity is the top priority, Wong believes. As for China, money from the club's coffers is meant for Hong Kong. It came from the territory and will be spent there, he says.

Perhaps more important to the club and its survival is the influence it will have in China. For the moment that influence is limited. Gambling, after all, remains illegal north of the border — even if cash prizes for "guessing the winner" make a mockery of the pretence at China's multiplying race meetings. But at the track in Guangzhou, the best in China, computer systems have been installed with the help of the jockey club.

Guidance from Hong Kong is also sought in Beijing and Shanghai which were once, in the 1930s, among the world's grandest courses.

It is early days to predict the return of former glories but the potential is vast. In spite of Sunday's stumble, the smart money must be on the rise of racing on the mainland rather than a fall in Hong Kong.

## PERSPECTIVES

# Surprise attack on Vietnam

Assault by China to claim the South China Sea ... US, Europe and Japan in emergency consultations

*It is 2001 and the British prime minister, Michael Stephenson, discusses with the US president and his French counterpart what the west should do about a Chinese attack on Vietnam and its seizure of the South China Sea.*

*London Local time: 01.35  
Sunday February 18*

**P**rime minister Michael Stephenson read the latest reports from Northwood Permanent Joint Operations Headquarters. He was waiting for the end of the US State Department press briefing. Then he would speak to James Bradley, the US president.

The reports Stephenson read gathered together the known facts of what the Chinese had done. Three hours earlier the Chinese airforce had launched surprise attacks on Vietnam's main military installations - the Cam Ranh Bay naval base,

airforce bases protecting Hanoi and Ho Chi Minh City. At the same time Chinese commandos had boarded and occupied oil exploration facilities on the Paracel Islands and, 500km to the south, the Spratly Islands.

The Chinese had deployed a vast air armada to destroy Vietnam's air and naval defences - from the modified high-performance, Russian-built Su-27 Flankers to the lumbering H-6 bomber, a modified version of the old Soviet-era Tu-16.

China had knocked out 40 per cent of Vietnam's navy; pictures of Cam Ranh Bay suggested they hit virtually every ship in port. They had been less successful in eliminating Vietnam's airforce: many of the

aircraft had fled to airfields in Laos and Cambodia.

Of greater concern, however, were the naval intelligence reports. These indicated that most of China's submarines had put to sea. The ageing Ming and Romeo-class diesel-electric submarines were around the Spratly and Paracel Islands; the Russia-built Kilo-class attack submarines were patrolling the trade choke points between Indonesia, Malaysia and the Philippines; and at least one of the nuclear-powered Xia-class submarines had left its base, carrying intercontinental ballistic missiles with nuclear warheads.

When Bradley came on the line he and Stephenson agreed that Europe and the United States must show neutrality at this stage. Both were aware of China's long-standing claim to the South China Sea and of the historical enmity between the Chinese and Vietnamese. Hadn't they both fought a war 20 years earlier?

Bradley pointed out that America had a mutual security treaty with Japan dating back 40 years or more which he was loath to invoke. It also had somewhat weaker commitments to the Philippines.

"Jim, it is vital that we keep Japan out of this," Stephenson said. "Japan's vital interests are engaged here, as indeed are ours. But the last thing we need is for Tokyo to take any action that might inflame the situation."

"I quite agree," said Bradley. "I think we should make our stand on points of international law. If China interferes with shipping, particularly oil supplies through the South China Sea, then the US would have to send a military signal to Beijing. Our carrier group off the Philippines is on standby."

In Tokyo, Nohiro Hyashi, the Japanese prime minister, in an emergency cabinet meeting, told his ministers that Japan had not faced so great a threat to its survival since the Pacific war. "It is high time we put our treaty with the US to stand."

Sir Brian FitzMaurice, Britain's ambassador to Paris, reported that between 20 and 30 French technicians and their families had been killed in the bombing of Cam Ranh Bay. French children were among the dead. The first television pictures would be aired within the hour.

Charles Wentworth, the foreign secretary, observed that France had only taken over the presidency of the European Union in January.

There was a danger of it going public against China without consulting fellow members. The next few hours were devoted to preventing this from happening, but to no avail.

France was preparing a statement condemning China.

In a telephone conversation Stephenson asked Edouard Dargaud, the French president, if France could ensure the neutral leadership of the EU.

political suicide. And you would do the same. Besides, China will exercise its veto at the Security Council."

"In which case, Edouard, can you make it clear you are speaking for France and not the Union?" Stephenson asked.

Wentworth was on another telephone and talking to Sir James Middleton, the ambassador in Germany. The chancellor was about to issue a statement urging restraint and caution. His tone was to highlight the trade which would be lost if the crisis escalated.

"Can Germany keep the French in line?" asked Wentworth.

"Unlikely. Germany will keep its mouth shut, when I come to French citizens being killed in an act of war," replied the ambassador.

■ *From Dragonstrike: The Millennium War, by Humphrey Hawksley and Simon Holberton, £16.99.*

## Time for a new arboreal society

**T**om Fort explains his vision of a green Utopia - a radical idea to make use of planned forestation

**A** fellow I used to play rugby with told us a strange tale one night. A man had left his home in a suburb of Slough to go to work, walked a little way down the road, and fallen down a hole into the 14th century.

It is easy to scoff when faced with an insight into the unfamiliar, and scoff we did, mightily. Our friend, irritated by our hilarious disbelief, refused to reveal any more of the story. Our attitude, he said, was sadly typical of our conventional, narrow minds.

I occasionally wonder about that time traveller. What happened to him? Was he, perhaps, with the Black Prince at the battle of Crecy? Or caught up with Wat Tyler and his Peasants Revolt? Did he fall victim to the Black Death? Did he lead a peaceful, tranquil existence, dying of old age when he was 49? Or did he find some means of getting back to our own age, to spill the beans?

I also wonder if anyone has done it the other way round, been catapulted from the time of the Hammer of the Scots to that of John the Unready? And if we do have a refugee or two from the Middle Ages in our midst, what do they make of us, apart from the obvious facts that we are so much taller, healthier, sweater-smelling and more amusing than them?

One matter on which their advice would be useful would be our enthusiasm for forests. For these might well be men who - unlike us - know a thing or two about forests. And I suspect their response would be highly sceptical.

"Still at it, is it?" they would demand when I told them about the new

National Forest in the Midlands, and the plans for 12 other "community forests" around the country. Still having any poor woodcutter who dares slaughter a stag or a fat boar maimed, blinded and put to death?

No, no, I would assure them; nothing to do with extending kingly bloodlust. Any resemblance between William the Conqueror and his hunting-mad successors and our own royal family is purely coincidental. No, this is the will of the people.

But if not venery, what? our grubby, stunted chums would ask. Would it be to fatten pigs on acorns, to har-

vest chestnuts to make porridge, to produce coppicing for fences and the like, to grow oaks to make ships, to provide fuel for ironworks?

No, I would explain in a superior way. We don't want forests to make use of them. We want them because...

Because what? Because we like the idea of trees, because trees are "good", because in our sentimental, guilt-ridden, unreal way, we yearn to recreate what we imagine to have been the idyll of the distant past.

Never mind that it never existed, that even by the time the Romans came a

sooth green.

Oddly enough, no reference is made to the uncomfortable fact that this same area is due to receive several thousand of the £40,000-plus new houses which the environment secretary has deemed should be Berkshire's contribution to meeting the real needs

of the new millennium.

At this point I am proud to announce that I have had an inspiration which could, literally, change the face of Britain. I have found a way to reconcile the longing to expiate the crimes of the past, to rediscover the lost innocence, with the obligation to accommodate the great flood of divorced men

and the new generations liberated from outmoded notions about family life.

Like all the great ideas, its essence lies in its simplicity. You plant the trees, and when they are big enough, you live in them. Now I realise that along with other baggage of the past, a few conventional notions of what constitutes comfort will have

to be discarded. Our new forest citizens will have to have a good head for heights, not roll around too much in their sleep, and be prepared to put up with uninvited bushy-tailed visitors who eat nuts with their hands. But for the joy of being out of the smelly city and communing with nature, surely that is not too much to ask.

1 concede that to design my new arboreal society will require expertise of the highest order. But luckily we have the experts, the best in the world, engaged at present in a hopeless campaign against the construction of new roads. Send for these idealists, I say, and persuade them that this is a cause truly worthy of them (you

could then get on with building the roads in peace).

The brilliance of it blinding, a vision of a n Utopia in the Greenwood. The prime minister is always harping on about the Tories not running out of radical new ideas. I present b with this one, free. Is it late to rewrite the manifesto?

Michael Thompson

By Tom Fort, author of *Greenwood*

## Caught in a struggle for control of Islam

The closure of women's schools in Uzbekistan is part of a battle between hardline forces, says Charles Clover

**T**he women of Tokhtobou mosque in Tashkent, Uzbekistan, pose for a photograph in front of the locked door of their medresa, or religious school, where they have been forbidden from studying by the Uzbek government for over a year.

"It's too bad you weren't here yesterday," said Halima, a woman in the group, "there were hundreds of us here demonstrating."

To talk, Halima said we could go inside. "It's too cold here," she decided. The women marched around to the main entrance of the mosque, glowered at a guard who shuffled aside, pretending not to notice as they passed, and headed across the courtyard, up some stairs and through a side entrance to their medresa, where they took seats around a long table.

"We have nothing against the government. All we want to do is study the Koran in peace," Halima said.

But governments around the world have heard this one before. The month-old closure of women's medresas around Uzbekistan is the latest in a series of low-intensity skirmishes between the Uzbek state, concerned with controlling Islam, and an Islamic opposition which represents the remnants of a larger movement the Adolat party based in the Fergana Valley region, that was crushed several years ago.

While often quirky, the struggle is nevertheless very real. Since 1992, human

rights monitor Human Rights Watch/Helsinki has documented the disappearance of three opposition religious leaders, the imprisonment of dozens of Islamic believers on falsified charges, and the closure of three mosques.

"A lot of our leaders are out of jail now," said a member of the secular opposition party Birlik who asked not to be named. "But the Adolat guys, they're still in prison. Even the ones who had three-year sentences are there five years later."

For the moment, though, the conflict is mostly verbal. A week ago, as the women of Tokhtobou mosque congregated in front of their medresa, four lorries of men drove up. The women believe the men to have been members of the SNC, the security service which was formerly the KGB.

"The men got out of their cars and said, 'Hey, do you dress like that? This is Uzbekistan, you know.' Then they told us to leave," Halima said.

"I'm not afraid to say this, I know who sent the SNC, it was the mufti," said Marquba, who was sitting next to Halima. Some of the women gasped in alarm.

The mufti of Uzbekistan, Mukhtarjan Abdulla Al-Bukhari, is the target of most of

the Islamists' rhetoric. He is the state-appointed leader of Islam in Uzbekistan and has the power to close mosques and remove imams and prayer leaders. It was his order that closed the women's medresas, though he claims they are on holiday and will re-open once properly registered.

Outfitted in a white turban and seated in his office in the old city, the elderly Al-Bukhari discussed the growth of Islam in his country with the precision of a Soviet factory director who exceeded the plan.

"Since independence, we have increased the number of mosques in Uzbekistan

from 80 to 5,000. The number of people going on the Hajj to Saudi Arabia has gone from two-three per year to 4,000 per year. The number of people between 18 and 25 who have memorised the Koran has risen dramatically as well."

As for the closing of the Tokhtobou medresa, "that's

stones. He spoke out against it. One other thing. That guy, if he came to religious feasts, he would ask, 'Is this bread halal or haram?' " The mufti rolls his eyes. "Like it's not halal. As if we would serve haram bread."

While the government has exerted control by, for instance, closing the women's medresas, the brand of Islam which Nazarov represents is hard to pin down.

Women in his entourage are often fully veiled, but he expresses no strong conviction on the subject. "They should do it only if they want to follow the Koran. If they don't, it's okay too," he said. But acquaintances notice that he will not give

funeral services for people who were known not to pray, and he will not officiate at weddings where there is music or dancing.

The Uzbek government's concern with controlling Islam may have more to do with the regional implications of the movement, rather than the religious ones.

Nazarov is from the town of Namangan, in the Fergana valley, where conservative Islam is particularly strong. This was the seat of the Adolat party, whose leader, Khokim Satimov, was arrested in 1993.

"One time we issued a fatwa permitting grava-

tions apart by fighting between the government and Moslem fundamentalist opposition, and this is primary fear of the Uzbek state.

"We took adequate measures [against Adolat]," said Tolkun Jabarov, the head of the Namangan region. "we hadn't, we would be in the same situation Tajikistan here."

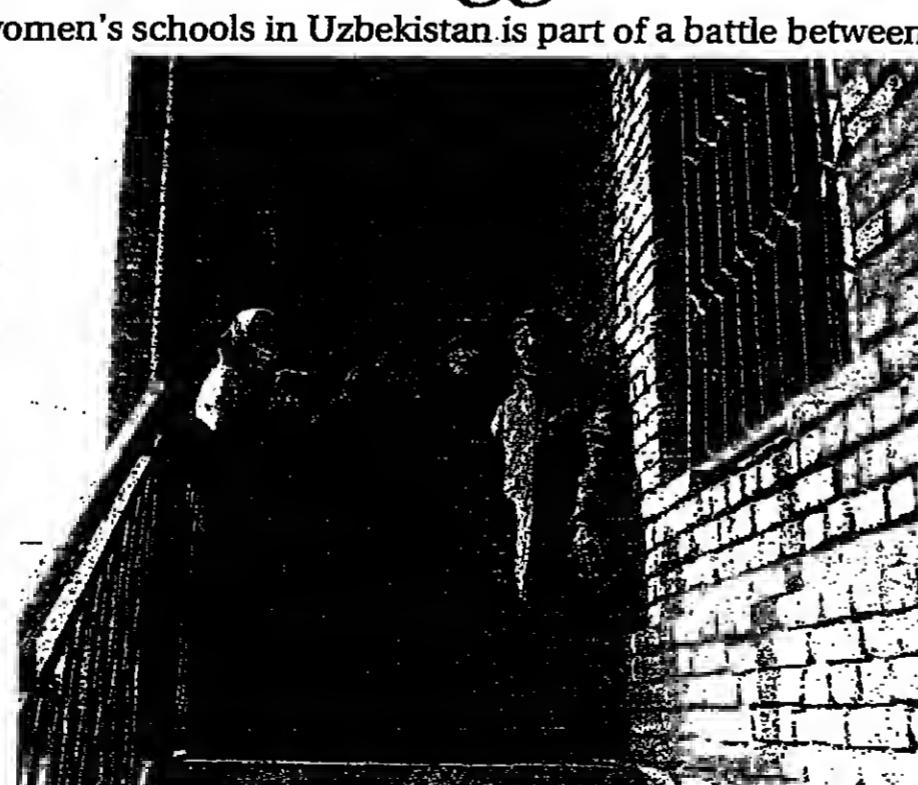
The Uzbek government fears were founded on in common geography. Abdulvali Mirzo, the former imam of Andijan mosque also located in the Fergana Valley, one of the Uzbek Islamic leaders who disappeared in 1993. He had studied under the same teacher, a legendary Pakistani Qazi, as Abdul Nuri, present leader of the Tajik Islamic fundamentalist opposition.

Mirzo disappeared August 1993 in the Tashkent airport, along with his assistant, Ramazanbek Matkov. They cleared customs but never boarded the flight. Days later, the Arjan mosque was closed and turned into a museum.

Pakhir Ibragimov, head of the SNB for the Sahr-i-Shol region of Tashkent, denied any government involvement in the disappearances. "The SNB didn't get into fights with religious people."

A former acquaintance of Mirzo, however, thinks culprit is obvious. "Who could get to him in an airport? He's definitely not in the duty-free shop."

The British Council



The veiled women of Uzbekistan: forbidden from studying in their religious school  
Charles Clover

## BOOKS

# Bright morning of liberalism

A.C. Grayling admires high quality arguments about morality and civilised life

**I**magine being present at a debate in the Athenians' agora at some moment in classical antiquity, when that intelligent people lived under Solon's laws and were engaged in producing works of imperishable literature and philosophy through the beautifully supple medium of their expressive language. One would be witnessing high quality argument about matters of the first importance for civilised life, argument with the power to change one's mind about urgent questions of morality, government and law. Discussion in the agora, and among the trees of the Academy where Plato taught, and the Lyceum's portico where Aristotle strolled as he lectured, shaped a civilisation which in many essentials endures to this day, and is now well into the third millennium of its history.

It is no exaggeration to say that reading Dworkin is like witnessing such debate. High quality argument about matters of the first importance to civilised life: this is exactly what the essays in his lucid, sane, liberal-

minded book offer. The greater part of the book is devoted to cases involving those clauses of the Constitution of the United States of America which together form a Bill of Rights (the first few Amendments, together with others added after the Civil War), and in particular to the "moral reading" of these provisions.

Dworkin aims to show that interpretation of them by the Supreme Court expresses tacit moral judgments about what they mean and require that this is as it should be; and that this is not anti-democratic, as many opponents argue.

His case is illustrated by discussion of social recent wranglings in the US over abortion, euthanasia, pornography, academic freedom, and appointments to the Supreme Court bench. Because the US represents

the greatest experiment in constitutional democracy ever attempted, these questions are immensely important, and Dworkin's treatment of them is profound and influential.

A "moral reading" of a constitution proposes that its clauses be interpreted on the understanding that they embody moral principles of political decency and justice. The fact that observers are able to classify appointees to the Supreme Court as "liberal" or "conservative" shows that questions of value go right to the heart of constitutional law, and in deciding what the Constitution requires or allows in difficult cases, the judges demonstrate moral judgment in action. Yet judges and commentators dislike admitting that constitutional interpretation is moral in character. Unsatisfactorily, they try to

explain their practice as realising the "historical" character of the Constitution, or its "structure". The confusion is important because it bears on whether the Constitution evolves through interpretation, or requires reform, or should be left alone. In Dworkin's view, the US Con-

**FREEDOM'S LAW**  
Ronald Dworkin  
Oxford University Press £30,  
427 pages

stitution expresses commitments to specific ideals: that all citizens must have equal moral and political status, that all must be treated with equal concern, and that freedoms indispensable to these ends must be respected. Interpreting the Constitution, whether in this or alternative

ways, depends on understanding the history and language of the Constitution, which in turn shows that judges' interpretative discretion is not, as Macaulay famously remarked, a matter of "all sail and no anchor"; for it reveals an important pair of constraints: judges have to respect the Constitution's integrity - decisions in any one case must be consistent with the tenor of the Constitution as a whole - and they have to respect the intentions of its framers.

These points show that a moral reading of the Constitution does not imply absolute power in the hands of judges. But opponents can still argue that such a reading is anti-democratic, because it leaves final Constitutional choices with judges rather than the popular will. Dworkin argues that this criticism is mistaken.

for it presupposes that democracy is merely majoritarianism - that is, the view that political outcomes must always conform to majority will. Rather, he argues, democracy should be seen as consisting in the creation and maintenance of political institutions which treat all citizens with equal concern and respect. This indeed involves majoritarian procedures, for example in elections; but they command assent because the equal-concern conditions govern them - so that, for example, they truly respect minority interests.

Dworkin's argument embraces conceptions of liberty, equality and community in ways that, he says, are true to the spirit of the US Constitution. "First constructed in the bright morning of liberal thought". The argument's liberal tenor pervades the partic-

ular problems Dworkin considers in the main body of the book - abortion, race, pornography and the others - and does so again in the closing chapter where, in a discussion of special interest to British readers, he argues eloquently for adoption into British law of Bill of Rights.

Once a "fortress for freedom", Britain now lags far behind the US and Europe in failing to have individual constitutional rights written into its fundamental law. The freedoms of British citizens are enjoyed at the whim of parliament, which the courts are powerless to constrain. There is a simple solution: it is to incorporate into British law the European Convention on Human Rights, to which the UK is already a signatory. Currently anyone seeking the Convention's protection has the long, costly task of resorting to the European Court, where Britain has been twice as often arraigned, and more often found wanting, than any other European country. The case is unanswerable, and Dworkin does a great service in restating it so forcibly.

## Time travel at its best

**F**reeman Dyson, who is a science professor at Princeton, believes that in the next 100 years we will probably see human settlements on the Moon and on a few local asteroids. Mars, too, perhaps. Then, large-scale emigration from Earth will commence.

"Within 1,000 years," says Dyson, "our descendants may be so widely dispersed that no central authority will be able to regulate their activities or even be aware of their existence. . . Our one species will become many."

He's right, I reckon. So let us now have a raspberry at those who claim that the age of travel is dead, and that travel writing is moribund. What they mean is that the age of earthly exploration is almost at a close. Our travels, on the other hand, have hardly even started.

Anyway, travel writing is as much to do with mental and psychological exploration as with anything. For this reason, travel writing is only now starting to evolve. Rory MacLean, for example, is a young writer who - even before the era of Martian settlements - is expanding the boundaries of travel writing by trampling the borders between fact and fiction.

His first book, *Stalin's Nose*, was much admired. John le Carré called it "crazy, charming, a delight". Jay Morris found it "a thing of beauty" (though what does she not?). MacLean's second book, *The Oatmeal Ark*, burnishes his reputation while adding, happily, to the literature on Canada. It only sounds complicated. A west-coast Canadian, Beagan Gillean (the author's alter ego) takes himself and his inheritance, a trunkful of family papers - letters, diaries, old ferry tickets, all sorts of hits and

skids. Sounds complicated, but MacLean is so polished, so clever, so imaginative, so artful and so innovative that the tricky-sounding framework of *The Oatmeal Ark's* construction never crashes down upon him. Utterly the reverse. Everything is as clear as gin. We are taken deep inside MacLean's head: a remarkable, beguiling journey.

Imagine what he'd do with Mars.

**Michael Thompson-Noel**

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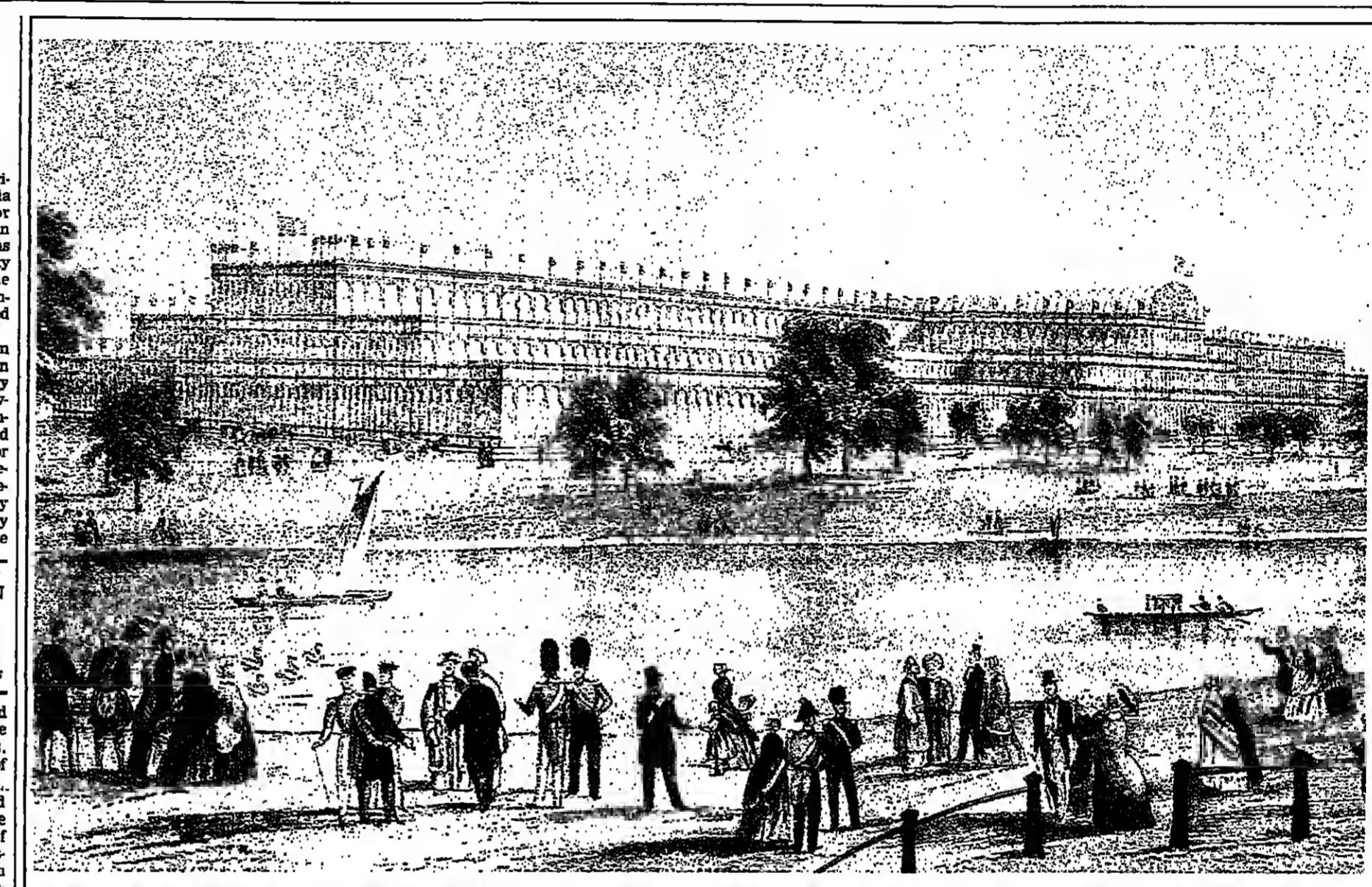
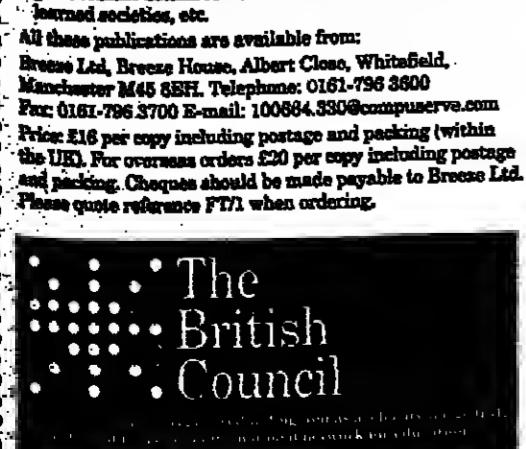
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The best of British: Promenaders taking a stroll during the Great Exhibition of 1851 at Crystal Palace, Prince Albert's greatest achievement and an event which sealed Britain's stature in the wider world.

## The man who would be king

Prince Albert's influence far exceeded his position as consort, writes Richard Donkin

**V**isitors to Osborne House on the Isle of Wight, the favourite residence of Queen Victoria, might be surprised to see the full-naked nudes depicted in a large oil painting occupying the whole of one wall in Prince Albert's bathroom.

The painting, bought by Albert, shows Omphale, the mythical Queen of Lydia, in the clutches of Hercules whom she kept to perform domestic duties, including, as the picture leaves no doubt, a degree of personal servicing.

The painting, concludes Stanley Weintraub in his new biography, is a clear confirmation that the Queen and her Prince were anything but prudish, particularly when it came to art. But their shared love of fleshly canvasses was only part of a mutual attraction which confounded the suspicions of royal advisers and politicians who had tried to deflect the young queen from pursuing an attachment to a German prince from the minor state of Coburg.

Albert was more than merely a loyal and supportive companion - he soon became the dominant partner working closely with the Queen on affairs of the state. His life had many parallels with that of Prince Charles today. Both princes needed

to fashion a role for themselves while living in the shadow of a reigning monarch. The big difference is that Charles can expect to reign one day, though it is

attracted the same kind of media contempt. Both princes shared an interest in architecture and a mutual suspicion of architects. Albert employed a builder to oversee the design and construction of the new house at Osborne.

Both also enjoyed bunting although Albert arguably attracted greater controversy for his shooting exploits which on one occasion, during a return visit to Coburg, involved what the author described as a "German liquidation" of deer where the targets were herded into an enclosure and shot en masse.

Albert pursued interests in farming - he was a champion pig breeder - with the same enthusiasm that Prince Charles has applied to his love of gardening - and

those who seek to circumvent establishment orthodoxy. Albert often found himself in the company of German accent and privately spoke German with his wife, he was wholly committed to his adoptive country. Instinctively a liberal, Albert's forays into politics and support of Sir Robert Peel's struggle to repeal the corn laws included a controversial appearance in the gallery of the House of Commons, a gesture which made him few friends among the landed gentry.

Even though he never again went to the House, the Prince continued to promote reformist causes, including standing in a bitterly fought election contest for the Chancellorship of Cambridge University. Albert was chosen as a figurehead by those who wanted to free a theological and classics obsessed

In spite of these public relations disasters that were widely reported in the British press and mercilessly lampooned in Punch, Albert slowly began to attract the grudging respect of politicians although he was proba-

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## BOOKS

# Suffer the little children . . .

Ann Geneva reviews childhood memories of the holocaust

**A**t Yad Vashem, the holocaust memorial, museum and archive in Jerusalem, one of the most affecting sculptures is that of a woman raising toward heaven the body of her child. Despite such general representations, its memorial to Jewish children who perished during the holocaust took some 40 years longer to create than the others. This delay was due neither to lack of resources nor resolve, but reflected the all but impossible nature of the task. How to commemorate in mortar and stone, or indeed in any material, the extermination of 90 per cent of Europe's Jewish children?

The solution finally reached was a simple one, and produces an effect which can seem almost unbearably poignant. One enters a small darkened chamber; on the wall near the entrance are enlarged photographs of three unnamed children who perished in unattributed circumstances within the maze of the death camps. Beyond, the flame of only one candle is reflected in countless mirrors until the viewer is surrounded by endless flames, conveying both the fire of infinite loss and the flicker of hope.

First-hand accounts of their

experiences by children have been relatively rare. They were either too young or, once arrived in concentration camps, too deprived of even basic necessities to afford the luxury of recording reactions and events.

Most of us take our knowledge of a child's response to the events of the holocaust from *The Diary of Anne Frank*, which continues to be the most widely read non-fiction book after the Bible. Yet as Deborah Dwork pointed out in her 1991 pioneering work, *Children with Star*, the idea that keeping a diary could be considered a normal event for children in hiding is erroneous. Even if the materials had been available, the risk of discovery was too great since entries would identify the inhabitants as Jews, and even innocent remarks could disclose their network of accomplices.

From the perspective of 50 years after the events, many child survivors of the holocaust have reached a point where they

feel compelled to impart their particular experiences for their own families or posterity. Although all are driven by a common desire to bear witness for the vast majority who are unable to do so, their testimony and circumstances are as varied as the subsequent lives of the children themselves.

Benjamin Wilkomirski, now a classical musician living in Zurich, offers a new perspective on the controversial syndrome of recovered memory. Diagnosed in middle age as suffering from leukaemia, he began therapy with an analyst who enabled him to retrieve fragments of his childhood sufferings. After years of confusion, he recalled his father being shot in front of him in his native Riga, and then at the age of three or four awakening amidst strangers in a death camp.

Horrible as were these events, they were compounded by an adult conspiracy at the war's end to make him deny his experiences: "Children have no

**THE DIARY OF A YOUNG GIRL: THE DEFINITIVE EDITION**  
by Anne Frank  
Viking £16, 339 pages

**CASTLES BURNING: A CHILD'S LIFE IN WAR**  
by Magda Denes  
Doubleday £15.99, 344 pages

**FRAGMENTS: MEMOIRS OF A CHILDHOOD, 1939-1948**  
by Benjamin Wilkomirski  
Picador £9.99, 155 pages

**THE DARKEST CHAPTER**  
by David Ben-Dor  
Canongate £9.99, 149 pages

memories, children forget quickly, you must forget it all. It was just a bad dream."

Wilkomirski now works with

Children of the Holocaust societies as well as psychologists and historians trying to tackle the problems of child survivors.

David Ben-Dor delves into the even murkier question of Jews who collaborated. His father, whom he detested, was the only Jewish doctor in Innsbruck; he conspired with the Nazi occupiers and thwarted every attempt made by his wife to save the family.

After deportation to Lithuania, his father continued to treat members of the Nazi high command, even targeting fellow Jews for deportation in the certainty he would be protected. In the end they, too, were rounded up and sent to their destruction with no more consideration than had been shown the others. Ben-Dor has published his account in an attempt to plug "the one gap which still remains to be filled", namely "What part did the Jews themselves play in their own destruction?"

Magda Denes, a professor of

psychoanalysis in New York until her death last year, provides a chronicle of the lengthy, numbing deprivation and danger she endured in Hungary, including her brother's death and her mother's heroic efforts to ensure their survival.

Her father, too, merits opprobrium. A prominent Jewish publisher in Budapest, he abandoned his family to their fate by fleeing to New York, using the family savings to buy himself a first-class ticket and an Imelda Marcos-sized wardrobe.

Denes notes wryly, "F. Scott Fitzgerald was expensive to emigrate particularly if one lacked his talent."

Its publishers describe this book as the "most important account of war seen through a child's eyes since Anne Frank". Unhappily, Denes' attempt to render a detached and truthful account reveals only a thoroughly disagreeable and tediously obtuse child, however precocious or justified by circumstance.

Memoirs such as these make one even more grateful for Anne Frank's manuscript. Rereading her diary in this new expanded edition, which adds more material without altering our perceptions, one is struck anew by her grasp of human nature, generosity of spirit and powers of description. By contrast, Ben-Dor seems consumed by both guilt and spite, and Wilkomirski crippled by the damage he sustained.

Above all, none of the three comes close to matching Anne Frank's spontaneity and mastery of language. One wonders what her retrospective account would have been like had she survived to write it.

While these written narratives can be evaluated, it is ultimately pointless to compare atrocities. Whether in hiding, exile or the camps, all endured hardship and each tells a story which casts light into the darkness of this most heinous of state-sponsored crimes.

The purpose of such publications is reflected in these words spoken by an inmate to new prisoners on their first night in Sachsenhausen: "I have not told you of our experiences to harrow you, but to strengthen you... Now you may decide if you are justified in despairing."

Rereading/Angus Calder

## In its prime

**T**here are novels by Jane Austen, Dickens, Turgenev and Tolstoy which I have felt at times I knew by heart. There are poems by Yeats and MacDiarmid and MacNeice which are never far from the surface of my mind. The funniest book I have ever read is probably Wodehouse's *Summer Lightning*. But there's only one book I think about every day of my life - *The Prime of Miss Jean Brodie*.

This, I have to confess, is for parochial reasons. I walked down just now from Church Hill, Morningside, Edinburgh, where Miss Brodie lived, past "Marcia Blane's", actually the old Gillespie Girls, where she taught, to my own flat near where on one occasion she led her "set" of girls into the Grassmarket, then, in the 1930s, one of the foulest slums in Europe...

Muriel Spark, who grew up here, has infested my city with memories of Miss Jean, triggered again when I walk up to the Royal Mile and pass the prominent tavern named after her ancestor, Deacon Brodie, cabinet-maker by day and robber by night, eventually exposed and executed, a prime example of the "doublemindedness" in human nature which so impressed Hogg, Stevenson and Dostoevsky. Miss Jean shares with Hogg's *Justified Sinner* the antinomian conviction that she is somehow "saved",

and can do or say nothing which will incur divine retribution. Apparently trying to expand the horizons of "her girl", she is straitly imprisoned in her own inebriate solipsism.

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Why does she survive? Quite simply, Spark is a wondrous writer. Reading this novel, one that Spark can out-Jane Austen and out-Charlie Boileau, there are exquisite parodic passages, and exquisitely funny sentences. And moments of piercing beauty, as when Edinburgh's grey stone is transfigured by sunlight. Spark was a "stickit" poet, unable to make headway in her preferred medium. A theme of Brodie is "the transfiguration of the commonplace", on which Miss Jean's favourite pupil Sandy, who "betrays" her, writes, having turned nun, a psychological treatise.

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non-believer, I feel such beauty is significant enough, merely, as beauty. For those who like that kind of thing", as Miss Jean has it, "that is the kind of thing they like".



## Between Scylla and Charybdis

The translator's lot for Homer is not a happy one, writes Nigel Spivey

**T**wo qualifications are required of those attempting to translate Homer's *Odyssey*. The first is an understanding of ancient Greek. The second is an inability to write good and convincing modern English.

So it seems. Take a sample of 20th-century translations from a typical snippet of the narrative at the beginning of *Odyssey Book II*, where Odysseus and his men are setting off from the island of the enchantress Circe. "But Circe then, the fair-tressed terrible / Goddess of mortal voice, our sail to spread, / Behind the blue-prowed ship sent forth anon / A following wind, filling / Our sails, to carry from astern the ship with the dark prow".

But one does not have to reach so far back to find "translateese" - ridiculous diction and twisted syntax. "Circe / of the lovely hair, the dread goddess who talks to mortals, / sent us an excellent companion, a following wind, filling / our sails, to carry from astern the ship with the dark

prow".

"But Circe the awesome nymph

laboured Richmond Lattimore in 1965. Or: "She sent from behind the ship with its dark-blue bow a favouring breeze that filled the sail, a good companion, did Circe of the lovely hair, a formidable goddess with a voice". Thus Roger Dawe in 1993.

If these are the respectable translations, no wonder we may prefer the charlatan paraphrasing of Ezra Pound, with its modernist archaisms ("swart ship"; "trimcoiffed goddess", etc.). At least, Pound does not give the impression that the English language is some weary beast of traction he has to drag into service, reluctantly hauling itself down routes both weird and familiar. W.H. Auden's declared version of the *Odyssey* in "plain English" (1937) gives a passable summary - "The radiant goddess Circe sent a sail-filling wind behind us, a good companion for the voyage" - but that is a summary, not a translation. So we may turn to Robert Fagles' new effort with *Odyssey* in "plain English" (1997) gives a passable summary - "The radiant goddess Circe sent a sail-filling wind behind us, a good companion for the voyage" - but that is a summary, not a translation. So we may turn to Robert Fagles' new effort with *Odyssey* in "plain English" (1997).

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with normal usage in Homer's own time. Some translators, like T.E. Lawrence, have indeed worked on the assumption that Homer was close to illiteracy, a "fustian" bard whose formulaic old-fashioned phrases may be matched in a sort of quaint homespun English. Others will plead that fidelity to the original precedes or even precludes achieving decent English idiom. And others, I suppose, get so hermetically absorbed in the task of rendering line by line that they simply forget the rhapsodic duty to delight, move and above all hold the attention of readers or audiences.

Fagles is not in the business of knocking Homer's language into the script of a Spielberg swashbuckler. He allows for the quality of "lift" or difference in Homer's fantasy, terming heroes as "gal-lants" and villains as "scoundrels". Rightly, he turns to modern parlance for Homer's direct speeches ("Mum's the word", "go scot-free", etc.). And there are moments when Fagles makes music in English

ent? And while one can understand why the translator has turned Homer's salutation of the breeze as a friend or associate (the Greek is *heiros*) into the more specific "shipmate", does he really want the shoo-me-heartsies connotations that "shipmate" must evoke in modern English?

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But certainly it will not be the last Fagles' text is introduced and annotated by leading American Hellenist Bernard Knox. When Robert Fitzgerald's verse *Odyssey* came out in 1961, the same Bernard Knox hailed it stoutly: "It is safe to say that this will be the standard English version for a long time to come." Homer, patriarch of Western literature, is well into his third millennium. A long life for a translator, it appears, is barely more than three decades.

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**H**andcuffs off penal reform

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which led to Lewis's dismissal - a clutch of riots, the suicide of mass-murderer Fred West, the IRA breakout at Whitemoor and the high security escape from Parkhurst.

The villains also include the more recalcitrant or unimaginative governors, the prison officers' union, whose power Lewis helped break, and, in considerable measure, the civil service - largely for the bureaucratic, unfeeling and unbusinesslike way it ran the show before Lewis arrived and for its painful inability to embrace change quickly.

The scandals include the state of the prison service,

rehabilitation and Howard's "prison works" philosophy, and the abysmal failure to treat the criminal justice system as a whole, encouraging prevention before punishment.

The book's driving force are three-fold. First simply to tell, riveting the tale of the prison service's first - and perhaps last - 1,014 days with a private sector boss at its head. A man who arrived from Granada television and UK Gold, knowing nothing about the subject, but who left - pace the events which led to his sacking - with considerable achievements behind him and a continuing commitment to the penal system.

Second, an element of revenge. Lewis is profoundly concerned about his reputation and out to defend it. Many other reputations suffer on the way - most of all Michael Howard's. His is enhanced only in the sense that those who see him as a "dark, closed-up person" driven by populism, politics and then washing their hands of the resulting disasters on the

policy swings between rehabilitation and Howard's "prison works" philosophy, and the abysmal failure to treat the criminal justice system as a whole, encouraging prevention before punishment. That would set the budget and use the secondary legislation which enshrines the prison rules to define and change prison policy - with a reserve right to intervene. That would allow more openness and accountability on both sides, he argues. It is, he acknowledges, a solution which "may not appeal to any but the most innovative of governments". Indeed so.

The board, rather than ministers, would have the power to hire and fire the director general. Ministers would set the budget and use the secondary legislation which enshrines the prison rules to define and change prison policy - with a reserve right to intervene.

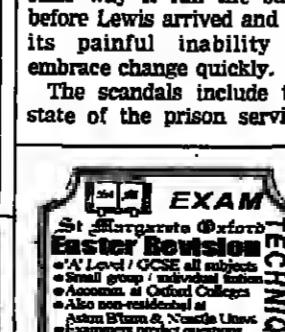
Lewis's answer is no. With the chief executive unable under the rules to comment about policy and its impact on operations, there is an result that "little to prevent ministers imposing half-baked policies or budgets and then washing their hands of the resulting disasters on the

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service, with a theoretically clear division between policy (the responsibility of ministers) and operations (the remit of the director general).

Nicholas Timmins



## ARTS

**T**he simplest ideas are often the best. The National Gallery has a clutch of paintings by Monet, a dozen in all covering his career from 1868, when he was 29, with the boats and bathers at La Grenouillère, to the shimmering near-abstraction of the water-lilies of 1919. And what could have seemed more obvious than to bring them together for a while with all the other Monets in public hands in London, the three from the Tate and three more from the Courtauld? And why not ask around to see if there are any in private hands it might be possible to borrow? Here are another seven.

Once mooted, the only surprise is that it hadn't been thought of long ago. The nominal excuse is that for the next four years all continental works after 1900 are to hang at the Tate; we can only ask who might be next for the treatment. After all, it has all the advantages - minimal transport costs and insurance, a focus upon permanent collections that we all too readily take for granted; the celebration of both the generosity of benefactors and the prescience of curators; the odd private surprise to leave the enjoyment of the long familiar; at a total of 25, a perfectly reasonable number for an exhibition.

There is no better painter of landscape under snow than Monet, and this little exhibition holds two prime and exquisitely beautiful examples. One, "Lavacourt under Snow", dated 1881 but more probably painted during the severe winter of 1879-80, is among the most familiar of them all, for it was the very first Monet to be acquired for the National Gallery, by the Lane Bequest in 1917. In 1905, when it was first available, the trustees made clear they would not accept it even as a gift.

With its boat to one side, poking out between banks of opalescent paint, blueish for the shadow and glowing pink for the winter sunshine, it looks forward to the pure, painterly simplicity of the "Nympheas" of his later years. On the other side, its row of cottages and scrubby trees oddly anticipate Van Gogh's, who had hardly yet picked up his brush; at Auvers some nine years later. Familiar as it is, nothing could be more beautiful, and it is all done, not by linear description or close following of form and detail, but by association somehow invested in the paint. Here is the paint as paint, and yet we know that place, those



Purple water-lilies on their dark brown pool, 1917: one of Monet's paintings in private hands to join the National Gallery exhibition

## Reflections on Monet

William Packer reviews a few choice works by this magical, mysterious artist

trees, that stream, and feel that cold. It is a kind of white magic, witchcraft.

And this magic fills the two rooms at Trafalgar Square currently given to his work. We start with two youthful paintings, a rather clumsy view along the bay at Sainte-Adresse on the Normandy coast (1863) and some apples, grapes and pears on a white cloth (1867), strongly lit and firmly modelled, looking back to Courbet and Chardin. But then, in the shady dappled water at La Grenouillère we can, and in every single work

thereafter. For all the obvious differences, there they are, after their fashion, alike in the crowded harbour of Le Havre (1873) and along the golden autumn river-bank at Argenteuil (1873). We find them in the subtle greys and pinks and violets of that second lovely snow scene, one of the private surprises, again at Argenteuil (1875), and in the smoke-filled canopy of the Gare St-Lazare (1877).

In the broad simplicity of its handling and rich confection of tone and colour, the connection may be obvious enough between a haystack in a snowy field at sunset (1891) and some purple water-lilies on their dark brown pool (1917) - two more in private hands. But how intriguing to see the connection made no less clear in the Courtauld's vase of flowers (1882), and in the brown, blue and purple shadows of the Queen Mother's superb rocky hillock in the valley of the Creuse (1889).

Does one, should one, be a favourite? Hard to say. The Creuse; the snow; the purple lilies; those happy bathers? But whichever, Monet always comes back to us, no matter how much we might dismiss him for his familiarity and seductive facility. He is the purest, most immediate and direct of painters, and at once the most mysterious. An image, a thought, a suggestion might seem at first to do it, but he holds in the paint.

London's Monet: The National Gallery, Trafalgar Square WC2, until May 5; sponsored by Merrill Lynch

## All shook up over classical music

Does 'downsizing' mean going downmarket? Andrew Clark talks to the president of PolyGram

If you believe the doomsters, the classical record market is not just in the doldrums - it's in free fall. The retail trade, they claim, will soon be redundant, as music becomes accessible on the Internet; musicians and consumers will join hands in cyberspace, unencumbered by record companies acting as middle-men.

It's a fascinating piece of crystal-ball-gazing, but reality is more down-to-earth. The big record companies are still recording Beethoven symphonies and still making profits, albeit in smaller quantities than before. And after five years of stagnation, they have begun to adapt to the market-place.

Nowhere is the need for rationalisation greater than at PolyGram Classics. British-based and Dutch-controlled, PolyGram brought together three major labels, Deutsche Grammophon (DG), Decca and Philips, in the 1970s to become the biggest player in the market. By the late 1980s, like EMI and other rivals, it was enjoying record profits, as consumers bought CDs to replace their vinyl collections. It received a further boost in 1990 with Decca's release of the first Three Tenors album, which sold more than 10m copies.

With the saturation of the CD market, however, the big record companies took a tumble, and PolyGram Classics had furthest to fall.

Downsizing was inevitable. The three PolyGram labels had no fewer than 22 versions of Mussorgsky's Pictures of an Exhibition, and 20 of Vivaldi's Four Seasons. Some Mahler symphony recordings, costing up to £200,000 to make, were selling barely 2,000 copies. "PolyGram Classics had become an anachronism," says James Jolly, editor of Gramophone, "and some of its problems were of its own making. The classical record market had reached the end of an era, it needs to start again with different rules. If Roberts can get the right recipe for each label, he might make a go of it."

Roberts's strategy is based on aggressive cost-cutting and marketing much of it modelled on the pop business. It involves:

■ Cutting staff by a third, leaving the group with a payroll of around 250. There has been a clear-out of personnel at the top, and DG and Philips are relocating to Berlin and Amsterdam. Roberts says the big record companies can learn from small independent labels: "If you're big, it's hard to adjust to change. We're not downsizing because we're intimi-

dated, but because it's a better way to do business, to have a choice about how you want to record, where and with whom. The key is flexibility."

■ Sharpening the identity of each label. DG, which had begun to stray into contemporary and crossover music, is being redefined as a German-based label for core repertoire. Decca, with names like Bartoli, Gheorghiu and Pavarotti, will focus on vocal and operatic music. Philips, which had the least-defined identity, is diversifying into contemporary, early and New Age music, without deserting well-established names like Haitink, Mariss and Georgiev. "Instead of three labels competing in the same repertoire," says Roberts, "we now have three labels which complement each other."

■ Cutting new releases by a third. DG, for example, will drop to around 75 a year. According to Roberts, "all our artists are beginning to realise they must create more out of less. Historically, the artist would bring his choice of repertoire and we would record it - no questioning, certainly not from a marketing point of view. It's not like that now. We all have to be partners in the process. It means that when you come up with a new release, you have to be able to define to the market why your product is special. Behind every recording there has to be a strategy."

■ An emphasis on media-friendly artists, and closer coordination of record releases and artists' tour programmes. Citing the young German conductor Christian Thielemann as a role-model, Roberts says musicians must become involved in promoting their records. The key issue is not repertoire, but "how much you do, the balance of what you do, and the way you bring it to the consumer."

Like most other classical music managers, Roberts is preoccupied by the shrinking core public in the 45-65

age-range, and the need to attract a younger audience. He says: "the huge circle of people between 25 and 45 has never been attacked because there's this self-consciousness about lowering standards. We have to establish an infrastructure to bring these people in, to do things which encourage them to say 'I've listened to Shostakovich, I want more Rachmaninov and Vivaldi.' I'm not so naive to think that Philip Glass will stimulate interest in Beethoven symphonies, but doing projects with Glass or Elvis Costello, or whoever they might be, creates an arc of business we never had before. It's about finding innovative ways to take traditional repertoire to a new audience. The problem with the classical business is that it has never been marketing-oriented."

So is PolyGram heading rapidly downmarket? Roberts insists that commercial logic and artistic value are not mutually exclusive. "The big sellers can be highly artistic - look at Gardiner, Bartoli, Terfel. Terfel's Rodgers and Hammerstein CD sold 100,000 in four months. Maria Joao Pires' two-CD Chopin set is also into six figures. She's unusual, she's unpredictable, she's enigmatic - there's a story to tell."

Roberts does not exclude the Internet from his strategy. The technology exists, he says, and once licensing restrictions are formulated, "it will be no less competitive than television programming. Unlike the retail business, where you can't store the complete catalogue because it doesn't move quickly enough or there's not enough space, the Internet can store everything. But you can't just say that because something exists, people are going to download it. The choice is crazy today, and will only become crazier. That's why brand identification, artist identification, are so important."

Television/Christopher Dunkley

## Invasion of the Hive

**Y**ou have not been watching *Dark Skies* on Channel 4 on Monday nights? You'd like to start but feel that missing the first ten episodes might be a bit of a drawback? No problems, ten episodes scarcely get you beyond the introduction. There are 19 episodes in this opening season, and they don't take the plot beyond the 1960s. You thought *Our Friends in the North* was epic television drama? Epic schmeptic, *Dark Skies* has plans for further seasons following the story through the 1970s, '80s and '90s. It may never end.

Basically this is an "Aliens Take Over The Planet" plot, but with a twist. If only we had kept our wits about us, we (well, those of us who lived through the 1960s) could have realised what was going on because it turns out that virtually all the major news events - from the Kennedy assassination, to the Cuban missile crisis to the American military shot down the alien visitors, an act of trigger-happy idiocy from which everything else in this highly enjoyable farrogo stems.

In particular Loengard became involved with the shady government organisation Project Majestic which can over-ride the commands of the Army and is even powerful enough to stick out its tongue at J. Edgar Hoover. Having run with the Majestic bounds for a while, but taken exception to their ethics (well, lack of them), our hero is now a renegade fox, answerable only to Robert Kennedy - and I am afraid *The Hive* may have plans for Bobby. So now *Dark Skies* has this rather attractive couple in a vast gas guzzler, walking point, as we used to say in 'Nam, out on the leading edge, in the most dangerous position.

**D**espite their meddling they are tolerated by the cynical and sinister forces of Majestic because Loengard has an uncanny instinct for smelling out Hive activities, and Kimberly impossible to write that name without bearing Victoria Wood say it... has something residual around her cerebral cortex which enables her to suss out baddies like a latterday Sherlock Holmes.

Given the number of Americans who believe that NASA's entire space programme was mocked up in a television studio; and given the number who sincerely believe they have been abducted by aliens, injected with something or other, and sent back to live among us, it would be interesting to know how many see *Dark Skies* - with its UFOs and its devious government agents busy suppressing all news of UFOs - as the gospel truth.

And does the series not owe a large debt to *The X-Files*? Of course, and to *Twin Peaks*, and even to James Bond. The stolen portrait of the Duke of Wellington hanging the villain's lair was the predecessor to all these reinterpretations of baffling news stories. Why is it that the British, who had such triumphs with *The Avengers* and *Dr Who* all those years ago, now seem so bad at this sort of bollocks?

In the first episode Loengard told us "I came to Washington to stand in the light, fighting for the things I believe in". Put something

## Phone in to La Scala

**O**n Thursday La Scala finally introduced a 24-hour international telephone booking service for opera enthusiasts the world over. To book tickets from anywhere in the world the number is 39 (the Italian country code) 2 (the Milan city code) 860775. For Milan residents the number is

860775. After booking tickets by telephone it will be necessary to confirm these by fax within 48 hours quoting the booking number. Tickets will then be sent by registered post and payment can be made either by credit card or bank transfer.

Paul Betts

2.

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## ARTS

**B**oing at the Met! First nights were not always like this, when operatic superstars sang from the front of the stage and a producer like Franco Zeffirelli clothed them and the opera in luxuriant trappings. The old guard probably look back nostalgically on evenings like those.

Opera in New York is changing; while the new management at New York City Opera is raising hopes for the future, the Metropolitan Opera has decided to tiptoe into the 20th century before it is too late and have a look at what is going on in the more adventurous realms of opera production. Over the years it has been easy to criticise the Met's old-fashioned shows, but an opera-house which depends on private subscriptions has to carry its audience with it. No come-grant, no avant-garde experimentation.

I would say the Met has timed its move very cleverly. Having shunned the gloomy political productions from the wave of East German producers who swept Europe in the 1970s and '80s, it is now cherry-picking the more imaginative of the new

generation – mostly English-speaking producers, like this season's Tim Albery (British) and Robert Carsen (Canadian).

Now does the company need to worry about its supply of the top singers. Europe's financial problems mean that opera-houses in the US should have the stars in the bag. With France and Italy cutting back their arts funding as part of the drive towards budgetary discipline, fees there have dropped dramatically, at least outside the operatic centres of Paris and Milan. In Germany, there is also the much-loathed "visitors" tax, which can slash a foreign singer's fee almost by half. Opera-loving New Yorkers seem to have everything going for them at the moment.

Not that the Met's famously conservative audience is at all appreciative. There was a babble of catcalls that rivalled the Tower of Babel after the new production of *Yevgeny Onegin*

last week (I had Italian obscenities in one ear and German insults in the other). Having come from seeing his Paris production of *Lohengrin* being booted at the Bastille, I am starting to feel sorry for Robert Carsen. He does not set out to be controversial, like some of his colleagues, and this *Onegin* was in many respects very touching – simple, beautiful, sensitive to the *mores* of the opera's period.

There were no sets – forget Zeffirelli, the Met producer *par excellence* – just blank walls, against which the lighting designer, Jean Kalman, projected a wondrous series of autumnal sunsets, chill Russian dawns and moonlit night skies. Tatjana wrote her letter in her attic bedroom, and in a gloriously romantic dream sequence, imagined herself running among the stars. The scenes of social gathering were neatly enclosed on the open stage. Everywhere there were

subtle observations on Tchaikovsky's understated characters.

The main problem – self-imposed by the production team – was the lack of an interval after act two, when years are meant to pass. Carsen showed us *Onegin* washing his hands after Lensky's death and getting dressed to appear in society again, which had the double disadvantage of being too clever by half and depriving the famous Polonaise of any dancing. A more charismatic *Onegin* than Vladimir Chernov might just have carried it off, but Chernov's appeal lay more in his burnished baritone with its easy top notes than any projection of character.

For once in this opera it was Lensky who walked off with the evening. Neil Shicoff sang as freely and passionately as I have heard him, and for the Met audience there was the added incentive of seeing a home-grown American tenor returning to his

roots after years abroad. As Tatjana, Galina Gorchakova regained the vocal confidence that has sometimes eluded her of late. There was a keen Olga from Marianna Tarassova and a Filippova to go down in the annals with Irina Arkhipova, the great Russian mezzo, making her Met debut at the age of 71.

Performance settle comfortably into the Tchaikovsky idiom, fluctuating between rushed brilliance and passages of slow stagnation. Pappano is one of the brightest young American conductors and this uncomfortable evening must have been a big disappointment for his Met debut.

In the other two operas I saw last weekend, the orchestra happily regained its repertory excellence. Stewart Bedford was the authoritative conductor in *Billy Budd*, driving Britten's drama ahead with crackling intensity. Ironically, this is one of the few Met productions from the 1970s to have won international notice for itself *per se*, an example of how a modern opera can benefit from a stage setting that has had some money spent on it. The cast was dominated by James Morris's awesome singing as a Claggett, whose very subtlety made him all the more sinister.

Dwayne Croft made a sympathetic Billy Budd, despite being clothed like a walking remnant from the hippy era, and it was a shame that Phillip Langridge's cancellation as Captain Vere deprived the central trio of its lynchpin.

The Saturday matinee of *Cosi fan tutte* was also struck by cancellations – including Cecilia Bartoli. Marie McLaughlin was flown in by Concorde and proved a Despina with a quickness of reaction that was nearly supersonic. The two ladies of Carol Vaness and Susan Graham were decently partnered by the two men, Richard Croft and Nathan Gunn, both of them also substitutes, watched over by the sharp-witted Don Alfonso of William Shimell. But even if the production had been a less exasperating jokey affair, it would have been tempting to shut one's eyes and simply listen to golden Mozart orchestral playing, supremely paced by the conductor Martin Isepp, of the kind too rarely heard in the opera-house. Whatever else changes in New York, may there always be this musical treasure buried in the pit at the Met.

# Tiptoeing into the 20th century

The audience may boo, but opera in New York has never had it so good, writes Richard Fairman



Cinema, the medium of the moment where old works can meet new minds: a Capulet gets ready to do battle in Baz Luhrmann's version of 'Romeo and Juliet'

## Close encounters with literature

Nigel Andrews welcomes the new spirit of page-to-screen adaptations

**T**he 20th century has dealt one major shock to the intellectual system: human beings have learned that, for good or ill, no trend is final. No war is "the war to end all wars." No medical advance will end the history of killer epidemics. No media soothsayer will ever second-guess the bizarre turns of popular culture.

One mid-1990s trend above all has hogged the cinephile mind. What is happening in a world where Jane Austen outgrosses Joe Eszterhas (famed scribe of *Basic Instinct* and *Shanghai*); where Michael Ondatje hestitates the Oscars ("Who?" cried everyone in Hollywood four months ago); and where the name Shakespeare above a title is no longer thought to be a misprint for Schwarzenegger? In addition Thomas Hardy, Henry James and Charlotte Brontë, among others, have achieved undreamt-of second coming at the box office.

Cinema, the Eng. Lit. patient, lies in its strongest delirium of the late century. Critics cluster round the mosquito netting, peering in at a face scar-tissued from its incendiary encounter with cultural greatness. And the padding sound outside the door is that of the moguls, waiting for the best moment to come in and discuss the latest scripts based on Joyce, Conrad or Ivy Compton-Burnett.

Years ago everyone, including me, scoffed at Steven Spielberg when he spoke up for literature at the Oscar ceremony and hymned the power of "the word". The director of *Jaws* and *E.T.* appeared to be urging us to dip into Great Literature (chuckle) and there to find both great wisdom and great stoss. "In the beginning was the word" seemed his message, proving that here was yet another Hollywood ego confusing itself with a supreme creator.

Now the laugh is on us. The word – or the good story plundered from great writers – has conquered everywhere. In virtual successive weeks we have had films from H. James, A. Miller and M. Ondatje. And the big American release this coming week is not a Stallone assault course or a Jim Carrey comedy; it is *William Shakespeare's Romeo And Juliet*. Never mind the name above the title; get that moneymaking moniker into the title.

Now comes the second miracle. This tide of *belles lettres* cinema could have been a series of genteel, white-caped movies in the Merchant-Ivory mould. Instead every critical shipping forecast imaginable has been required to stay afloat in the sea of surprises.

We have had Henry James swirling with Freudian flora and fauna (*Portrait Of A Lady*), Jane Austen whipped into cross-currents of

modernism (*Clueless*), Shakespeare Ruritanian (*Homelit*), à la 1930s (*Richard III*) or long-hair-and-workshop-style (*Looking For Richard*). And next week we have the Bard's most famous love story directed by Baz *Strictly Ballroom* Luhrmann, whose notion of literary reverence is to have a petrol station blowing up around a gun-toting Benvolio and Mercutio in the first reel.

**T**he time has come, whatever one's cultural colours, to applaud the sheer richness of choices. For decades it never seemed possible that Hollywood, or Pinewood, could remove the shirt-stiffener from literary adaptation without ruining the shirt. Previously, whenever western cinema abused the letter of a great work, it also abused the spirit. Yul Brynner in *The Brothers Karamazov*, Gregory Peck as Captain Ahab, Leslie Howard and Norma Shearer as Romeo and Juliet: horrors beyond measure, made all the worse by their intermittent attempts at "respectfulness".

Today, though, we are dazzled by the sophistication that goes with the much-vilified modern tradition of creative opera production. The conservatives say: "Wagner did not write his Rhinemaidens as housewives in a laundrette, nor did Verdi install a shower for Lady Macbeth". The adventurist says:

"What composer A or B stipulated for the audience of his time, with his and their special baggage of memories, attitudes and assumptions, may be to a large degree obsolete a century later when world wars, Marxism and other apocalypses have re-landscaped the human soul".

That so many recent filmgoers have responded to so many varied literature-based films is a triumph for both them and the films. It may also be a triumph for those cultural devices that have had abuse heaped on them for shortening our attention spans. What computers, video games and MTV may actually have done is to quicken our assimilation of meaning through image, of word through picture, of story trajectory through shorthand iconography.

No one is saying we need no longer enjoy the power of Shakespeare's verse or Henry James's prose on the page. The new cinema merely says: you do not send a work (literature) into a foreign country (movies) without translating it first. Accepting that, let us find the boldest and most passionate translators. By doing so we will introduce young filmgoers to bygone minds they might never otherwise have met, might never otherwise have heard of. Then just watch those novels and those plays take off – as they are already doing – in the bookshops.

**P**aperback Writers (Radio 3) parallels the current survey of the arts as we progress towards the millennium. Monday's opener claimed that the 1990s really took place in the '50s, indeed began, according to Will Self, when the atom bomb exploded over Nagasaki (why not Hiroshima?), Heavy American preoccupation as expected from the BBC; but a salutary reminder of that sneaking feeling that assailed us, kafkas-clad and Beadle-bopping as we were, that there was a wonderful party going on somewhere to which even one else was invited, even as we fell in love with love, revolution and enlightenment.

We western provincials felt like reluctantly virtuous Tuscan farmers hearing rumours of wonderful decadence in far-off Rome. That western province, Bristol actually, is producing a disproportionate amount of good radio. *Messages To Myself* continues to reassure



he old

### Theatre/Sarah Hemming

#### Revenge is sweet

would best suit him, the audience whoops with delight. Not so much black comedy, then, as char-gilled.

I must be said that Isitt seems to regard the state of matrimony with some scepticism: you don't find much in the way of wedded bliss in her work. Among her earlier plays, *Fancy and Judy* delved into domestic violence and *Femme Fatale* portrayed a couple struggling with the husband's transvestism. And in *The Woman Who Cooked Her Husband*, co-produced

here by Nottingham Playhouse and Plymouth Theatre Royal, she offers a jaundiced view of male-female power games, specifically the way some men expect women to service their needs – and the way women let them get away with it.

There is not much subtlety in her analysis, however – in Isitt's work much of the impact lies in the highly stylised, physical delivery. Her earliest plays for her company, Snarling Beasts, owed much to Berkoff and some of that style remains here in Jennie Darnell's production. On Will Hargreaves'

faintly anatomical set, the characters have a cartoon-like quality and the piece moves forward in splintered scenes, spliced together with mime sequences, monologues and the songs of Elvis Presley.

The three performers – Denise Black as the wife, Ian Reddington as the husband and Vanessa Bray, as the purple-satinetted lover – carry this off exceptionally well, building an easy rapport with the audience. It is a style best suited, however, to short, snappy pieces in small spaces. Over a whole evening and on the big stage, it begins to wear thin. But it has to be said that Tuesday night's audience devoured it with relish.

Nottingham Playhouse to March 29 (0115 9419419)

### Ping-pong round the houses

**T**hat philosophical imponderable – the inside of a ping-pong ball – is partly the inspiration for, but ultimately as interesting as Simon Block's debut play *Not a Game For Boys*. Featurin a cab-drivers' table-tennis team, it premiered 18 months ago at the Royal Court's Theatre Upstairs. Now revived by the Theatre of Comedy at the Derby Playhouse, it appears less intense on a main stage.

Two Jewish black-cab drivers and a shiny young mini-cab driver await their table-tennis match. The stakes are high: if they lose, they will be relegated to the second division. But it is in

their own lives where the real drama is being played.

Block has the cabbies' skill for taking us all round the houses. Team captain Eric avoids going home to his semi-nomadic mother, frigid wife and disdainful children. His 45 minutes is sacred, "when I stand alone at the end of that green table". Tony has "schuppettied some bird up the Aldwych", betraying his commitment to Liza: "I'm only 29 and three quarters," he protests. "I'm oot ready to start a family." Oscar is a bachelor, yet a know-all. He carries a gun for protection, but it does not even fire blanks. All three defend themselves with self-centred misogyny

and Nettie Edwards designs – as at the Court. The production might have been better served by a new vision, although the actors do gel as a trio. Gerard Murphy nicely fuses as Eric, nervously resting his arms on his paunch. Mark Letheren's Tony is edgy, guilty, bobbing and weaving with puny swagger. Bright Bill Treacher (his first stage role since playing the late Arthur Fowler on BBC1's *EastEnders*) is an enervated Oscar, wobbling on a pair of knobby knees.

**Simon Reade**

At the Derby Playhouse until April 5 (01332 363275).

Richard Georgeon directs

## SPORT

**A**ny state that produces Hubert Humphrey, Walter Mondale and Bob Dylan knows about winning, losing and the hard rain that stops play. Yet sport and Minnesota have never made for an indefatigable association, a couple of World Series crowns for the baseball twins excepted.

On no diamond, rink or court has Minnesota achieved less than in basketball, generally accorded religious status in most of the mid-west. The old Minneapolis Lakers, led by George Mikan, the sport's prototype outside centre, did win five of the first eight professional championships in the immediate post-war years, but subsequently decamped to Los Angeles. In the 1990s, the modern Timberwolves have stopped fewer opponents than the Ancient Mariner.

The University of Minnesota's Golden Gophers boast no record to speak of. They took 50 years to win Big Ten league championship, took their last one in 1982

## No slams but many team players

The times are a-changin' for the better in Minnesota, says Jurek Martin

and have never made the collegiate final four.

Yet, with the professional season two-thirds over and collegiate March Madness down to the round of the sweet sixteen, Minnesota is on something of a roll. The Timberwolves, improbably, have won as many games as they have lost and seem certain to make the play-offs for the first time.

The Gophers are ranked second in the country among university teams, behind only Kansas, whom they are fancied to meet in the final in Indianapolis on March 31.

Both teams speak volumes about the transitional state of modern basketball, where college may no longer be seen as a proving ground for the professional league and

young egos make mockery of old values and methods.

The Timberwolves' best player is forward Tom Gugliotta, a product of the old school who came out of North Carolina State after four hard years with a polished, rounded game. But after some good initial seasons with the Washington Bullets, he became trade bait for flashier talent, to the point that the move to hapless Minnesota last season looked like the end of his line.

His principal sidekicks in this happy revival took a different route. Kevin Garnett, also a forward, skipped university altogether, while guard Stephon Marbury put in just one year at Georgia Tech before turning professional. Yet by some process

of osmosis, allied to ability, the three have combined to provide a triple threat to the NBA's best.

By contrast, Allen Iverson, the supremely talented Philadelphia rookie out of Georgetown, is drawing fire from his peers and the press for selfishness on the court and an "in your face" attitude off it, only partly explained by the fact that he plays for a poor side.

There probably is not a single Golden Gopher with a legitimate shot at professional stardom. But that means that coach Clem Haskins, no ingénue himself, has five role-playing seniors (fourth year men) on a hard-edged 10-man frontline squad. Kansas has a comparable deep veteran quality, as does

UCLA from California. By contrast, universities with one outstanding player but indifferent supporting casts (like Wake Forest with Tim Duncan and Maryland and Keith Booth) have already been defeated.

**T**here is now an established transfer market within the university game – not only from junior colleges but also for those who could not fit it for the side which first recruited them. But the evidence of this month's tournament is that it takes more than a year to build a good side. Sooth Carolina, Colorado and Duke, all bolstered by transfers, could not make it past the first two rounds.

The loss of talent, either to the NBA or to other colleges, puts a premium on coaching. It is hard not to admire how Dean Smith of North Carolina has built a very competitive team out of material modest by the Michael Jordan standards to which he had become accustomed. An Iverson-less brick-shooting Georgetown may have faltered at the first hurdle, but John Thompson believes that even getting to the tournament was his finest and most enjoyable coaching achievement.

Few professional coaches enjoy comparable security and for them the revolving door this season has rarely turned faster. While the failure to win accounts for some comings and goings, it is becoming increasingly obvious that if a star player

has fallen to 30-year lows, while turnovers are up, assists down and the old-fashioned setting of a solid physical screen has become almost a museum piece outside Utah, where the Jazz still run a basic pick-and-roll offence.

There are exceptions, of course. The Chicago Bulls, gently guided by Phil Jackson to a winning record almost as good as last year's best ever, still do the little things right, like not passing the ball to the opposition. (They also have M. Jordan to turn to.) The best collegiate tournament contest to date saw big and talented California barely squeak past short but disciplined Princeton in a deliciously low-scoring game.

And this year there is the Minnesota story. Even if the Timberwolves tumble, which they surely will, and the Golden Gophers cannot find the hole in the basket when it matters, there is one state in the US where the words of its greatest songwriter resonate, "The times they are a-changin'" – for the better.

## Yachting

## Legion d'Honneur for a brave sailor

Keith Wheatley reports on Peter Goss's heroic rescue of fellow Vendee Globe competitor Raphael Dinelli

**T**his weekend, in the Biscay port of Les Sables d'Olonne, a British sailor will receive the French equivalent of a tickertape parade from thousands of admirers. President Jacques Chirac has already nominated the shy yachtsman for the Legion d'Honneur and numerous other international bravery awards await Peter Goss.

His rescue of Raphael Dinelli, a fellow competitor in the Vendee Globe solo-round-the-world race, in a near-hurricane 1,200 miles south of Tasmania, was somewhat overshadowed at the time by the Australian navy finding Tony Bullimore (another Vendee sailor) alive in his own capsized boat.

That rescue involved an astonishing panoply of warships, long-range aircraft and helicopters. Goss had just an iron will, his 50ft yacht and seafaring skill to sail back 160 miles into the teeth of a 50-knot gale, search an area the size of Hampshire, and find Dinelli in a tiny liferaft.

On Christmas Day, three months ago, Goss was below decks aboard the bright yellow Aqua Quorum and fearing for his own life. Storm winds were too strong to carry any sail and huge seas repeatedly knocked the yacht flat. He recorded in the log that he had "never felt so close to disaster".

At that precise moment the satellite communications system beeped out a message from the race control in Paris. Dinelli had abandoned ship. Goss was the nearest vessel. Could he assist and mount a search?

To turn and sail upwind in such winds is true horror, as any sailor knows. Goss did not hesitate.

"Life eventually boils down to a choice – you either stand by your responsibilities and principles, or you don't," he later reported to his team back in UK.

Fourty-eight hours of hell, with exploding generators,

torn mainsails and the skipper exhausted in his sleeping bag, took Goss back to Dinelli's last known position. After sailing three search patterns, each taking up to five hours, he had found nothing. Desperate, irrational, Goss stood in the bow of Aqua Quorum blasting a fog horn and firing off flares while he howled Dinelli's name against the shrieking gale.

When he finally spotted the orange raft and brought the Frenchman aboard, Dinelli was too stiff and cold to move. Despite his immersion suit three days in the raft had left him near to death. Getting a body that was in a state of virtual rigor mortis through the tiny hatch and below decks

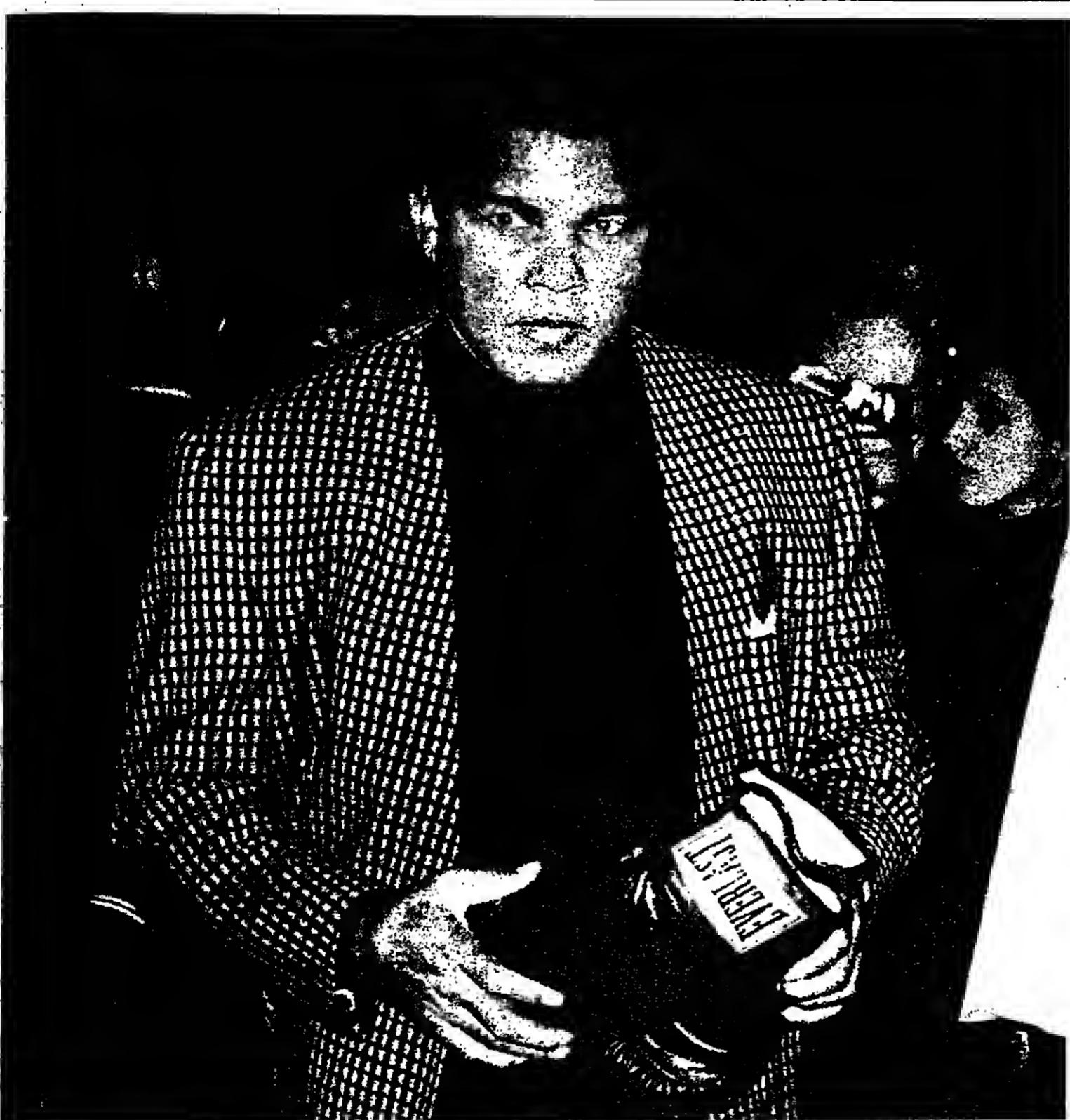
**Goss found leaving Hobart for the hellish Southern Ocean hard**

was an epic struggle in itself.

Goss turned from lifeboat to nurse. Dinelli needed his frozen limbs massaged, constant hot drinks and attention. He had to be carried to the toilet. All the while Pete Goss had to urge the yacht towards Tasmania, 1,800 miles to the north-east, where he would disembark his patient before continuing the race.

When they arrived Aqua Quorum was tied to a buoy outside the harbour to avoid breaching the outside assistance rules governing the race. While Dinelli faced a barrage of agents, movie producers and Paris Match correspondents waving cheque books, Goss repaired his battered yacht.

"When I step on to the boat to go racing I never forget how many people have worked and made sacrifices to put me there," Goss said before leaving on the Vendee. "It's often the respect for their efforts that keeps me going."



The sting may have gone and the pitter changed a little but Muhammad Ali has much to say – in a new book

## The old Ali magic lives on

No longer king of the ring, but Muhammad Ali still holds an audience, says Alex McGregor

**T**he spacious gym of the Alan Lachey High School in south central Los Angeles might be big enough to house a 747, but today it is jammed with 1,800 students and seems almost cramped. There is a marching band banging away, cheerleaders in short skirts going through their routines, and uniformed cadets, complete with rifles, doing their drills.

The blur of sound and colour is transformed by a sudden burst of cheering when the guest of honour, Muhammad Ali, shuffles into the school gym with his retinue of television cameras and photographers.

The Ali shuffle, once a mercurial dance routine in the ring, is now just a shuffle. His animated face has been stilled. The motor skills are clearly diminished by Parkinson's Disease, but he is unmistakably Ali. At 54, he is a little heavier than his optimum fighting weight, but still youthful and without discernible scars on a face that weathered 50 professional fights and much controversy.

Today, he is on tour, visiting south-central high schools in a media bus, promoting a co-authored book *Healing: A Journal of Tolerance and Understanding*. It is a pocket-sized tome of feel-good aphorisms, and designed to promote racial

harmony. His high-school purpose is to spread the message by handing out the book and presenting prizes to an Ali-sponsored art competition. A pair of Ali-signed boxing gloves is the first prize.

For those who think it hypocritical that Ali, who once called for segregation, should be promoting racial harmony, there is a ready response in the book: "When I was young, I followed a teaching that disrespected other people and said that white people were 'devils'. I was wrong. Colour doesn't make a man a devil. It's the heart and soul and mind that count."

'Colour doesn't make a man a devil. It's the heart and soul and mind that count'

earned his fame the hard way, not only as a three-time heavyweight champion but also outside the ring, fighting with the US government over the Vietnam war draft and his status in the Nation of Islam.

But while Ali is physically a ghost of his great self, he is still a big drawcard. His primary income is derived from personal appearances and from autographs for the increasingly lucrative sports

collectables market in the US. Certainly his icon status received a boost when he lit the torch at the 1996 Atlanta Olympics. The book itself is another Ali collectable, described by his co-author Thomas Hauser, whose All biography was nominated for a Pulitzer Prize, as "a calling card".

"It gives Muhammad something which to wrap himself around. He's not just going around being famous, he's talking about something," Hauser says.

Except that Ali is not talking much, or not in public. The only time he speaks during his schools' tour is after being presented with a certificate from the Los Angeles mayor's office.

"I come all the way from Chicago," he says in a whispery, hesitant, almost unintelligible voice. "I visit the schools and this is all you give me."

The auditorium gets the joke and erupts with laughter. If Ali is unable to speak at length, his wife, Lonnie, is an eloquent substitute, unafraid of audience confrontation: "This book is no good on your shelf, you have to read it." When a student is booted for reading a poem in Spanish, Lonnie makes the obvious point: "She has the right to be here. That's what this book is all about."

It is hard not to feel sadness at seeing one of the finest athletes of the modern

age now a quivering shadow of the glory days figure. Yet Ali carries himself without self-pity, stopping to greet all in his path, old and young, black and white. And to the chagrin of anyone interested in autograph rarity, Ali signs anything that moves within pen distance.

Having conducted the majority of his life in the public eye – whether as the champ or the convert or as a poster boy for the disabled, Ali is unable to hide himself away, whatever his difficulties and regardless of his popularity or unpopularity. He shows himself to be a man as proud of his defeats as he is of his victories.

Later, after another gym filled with students, marching bands, and dancing cheerleaders, speeches and the same jokes, Ali is ushered into the backroom, where refreshments are served for the travelling press and the prizewinners of the art contest.

Even as the attention is on consuming food and drink, there are poses and photographic opportunities choreographed around Ali, until he puts an end to it by moving to one side of the room.

Suddenly, he starts performing magic tricks, first levitating and then making coins disappear. There is little magic in the tricks, and less after he tells how they work, but there is still much magic in the man.



A man to inspire others: Peter Goss at the start of the eventful Vendee Global Challenge

Alastair

# How to Spend It

Fashion

## Dynamic duo fly the flag for new Britglam

Damian Foxe gets a line on those masters of monochrome – Pearce and Flonda

**I**t's unanimous. Pearce Flonda has triumphed again. From the 1997 spring/summer collections of London's Fashion Week, one dress appeared most often, novel in maturity, unique in sophistication, emblazoned across every key UK newspaper. A whirlpool of spiral-cut, satin-backed crepe, it swept down every fashion page, embodying new direction for British glamour.

In contrasting panels of matt and shine, it unfurled into a torrent of fabric, cascading outwards from below the knee. Shoe string straps crossed at the back, its double cowled neck concealed a layer of sheerest chiffon, like a single windswept petal resting on a flushed bosom.

With a predominantly monochrome palette and silhouettes as sleek as liquid ink, Pearce Flonda's vision ran straight off the catwalk and down the nib of every fashion editor's pen.

Although only showing for its fifth season, the Pearce Flonda label displays a maturity which belies its age. The winner of last year's new generation award, sponsored by Marks and Spencer, this year the pair was nominated in three categories: Designer of the Year, New Generation and Glamour. In January 1995, after their debut collection in October 1994, they received the British Apparel Export Award sponsored by the BKERC and Fashion Weekly.

Most recently they collected the World Young Designers award in Istanbul where judges included Oscar de la Renta, Anna Molinari and John Rocha. Pearce Flonda are fast becoming the veterans of domestic British fashion. Their elders have long since decamped to Paris or Milan. Pearce Flonda have become a conquering force, with a mature approach to design and a keen business eye.

This season, they managed to pare down their already sharp and clean lines,

removing some of the complicated detailing, to produce a collection which struck a near perfect balance between fluid and tailored. Smartly fitted black jackets in satin-backed crepe suiting, super clean structures are teamed with high-waisted Oxford bags which graze the ankle bone, and offer a modern and sophisticated day look.

A strapless, boned, black evening dress hangs perilously, suspending a huge bow and trailing strands of contrasting white, encapsulating their obsession with the extremes of glamour and the elegant side of the avant-garde. "Our colours are still predominantly monochrome," explain the design duo, "but black and ivory are highlighted with dove grey and white so the silhouette is not dominated by vivid colours."

Super-fine knits in graphic horizontal registers of black and white are teamed with heavy weight jersey wide-legged pants in contrasting vertical stripes. A flattering black jersey tunic dress skims the body, featuring a thigh-high split and an optional hood; sinister and sexy.

Reynold Pearce (known as Ren) and Andrew Flonda met in 1985 at Nottingham Trent University, where they studied fashion. Flonda then did an MA at the Royal College of Art and Pearce an MA at Central St Martins. Between degrees, Pearce worked for John Galliano during his "black and yellow" period (1988-89), where he developed a reputation for specialised cutting and tailoring techniques. After college he worked for Roland Klein as his design assistant.

Flonda, determined not to abandon the UK, turned down a job with Escada in Munich to be senior designer with Alexon. The two designers are perfectly matched both in personality and design talent. They argue and often disagree, but it is their compromise which produces such fine garments. "Working in a duo

can get tense at times," admits Flonda, "but the driving force behind our label is too strong to let silly arguments get in the way. We work well together. Ren would be too extreme by himself and I would be far too safe."

By early 1994, the two had amassed a wealth of experi-

ence and were ready to start their own label – Pearce Flonda. Financed by a friend, they put their first collection together, showing a Spring/Summer collection in October 1994. It was well received that an agent, Palladio, had to be appointed at short notice to cope with the flood of orders.

In monochrome, the collection achieved depth and richness through the ingenious use of fabrics, heavy crepe georgette, satin back crepes and traditional tailoring fabrics. Textures were important, as was the contrast of matt and shine, with both sides of the same fabric cleverly juxtaposed. Their Chaplinesque look, tailcoat cut sharply away from the bust, teamed with miniature top hat, and covering a double cuffed shirt and long flowing trousers in varying black and white stripes typified their quirky approach to the "feminisation" of traditionally masculine shapes. Tuxedos with gently fluted sleeves were scoped at the collars to fit below the bust.

Even the most hardened buyers were tempted. "I broke my golden rule of watching a company for three seasons before buying," says Rita Britten the owner of Polymnia, one of Britain's most influential women's retail outlets. The collection was exquisitely beautiful but you could see women wearing it. It made the hairs on my neck stand up." Within a year they were stocked in Harvey Nichols, Liberty, and Selfridges in London, Bergdorf Goodman and Saks of New York, and Firenze of Dublin, as well as a large number of smaller retailers around the world.

Their second catwalk show was sponsored by Liberty, which devoted all of its Regent Street windows to their collection. "We discovered Pearce Flonda last season and were struck by their confidence and maturity of



Ren Pearce and Andrew Flonda display fashion maturity that belies their years

design in a first collection," said Tom Logan, the merchandise director at Liberty at the time.

Pearce Flonda boast a healthy turnover of £500,000 a year with more than 30 stockists round the world. For the second consecutive season, Lloyds Bank has sponsored their Spring/Summer 1997 catwalk presentation. Unlike many other young British designers, they do not rely on the demands within the fickle Japanese market, which laps up the newest, quirkiest fashion that Britain can produce. Instead, they have developed a strong and loyal client base spread across northern Europe, North America and south-east Asia.

**T**hey have encountered financial problems, however. So great

was the demand for last season's collection, that they almost went under. "We ploughed all of our resources into manufacturing in an attempt to meet all our orders," explains Flonda.

Their second catwalk show was sponsored by Liberty, which devoted all of its Regent Street windows to their collection. "We discovered Pearce Flonda last season and were struck by their confidence and maturity of

Pearce, "cutting the collection in half and concentrating on what the buyers would want."

As testament to their wise business sense, orders this season grew once again and the press raved over the finished product. Following lengthy negotiations they have now signed with an undisclosed British backer, who is a key player in the international fashion.

The Autumn/Winter 1996 collection, available in exclusive stores around the country, marks a departure from their established palette, introducing chocolate and cream as principal colours, broken with flashes of pistachio and coral. Contrast this with superstructured tailoring for short fitted jackets, maxi-coats, boot-leg trousers and skinny pants and you begin to appreciate the versatility of their talent.

Envelop yourself in a chocolate satin, bias-cut, column dress which sheathes your body and is dragged back from the calf with a weightless fish tail and you will appreciate its timeless appeal and its innate feel-good factor, fulfilling the duo's promise that "it is the wearer's enjoyment which is most important".

It is neither the sharpness of their silhouette nor the cleanliness of their lines that put Pearce Flonda on the

- Sleek and sexy – left to right: black satin crêpe one button long sleeve evening jacket, £295. Matching wide leg evening trousers, £220. Slip vest, £117. Harrods and Selfridges.
- Lilac satin bias cut evening dress, £1,495. Harrods, Selfridges, Harvey Nichols and La Côte.
- Eau-de-Nil one button fitted long-sleeved jacket, £250. Harrods, Harvey Nichols, Liberty and Selfridges. Matching V-neck shift dress, £235. Harvey Nichols. Stockist inquiries: 0171-809 8470.

Illustrations by David Downton



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cutting edge of British design. It is the immediacy and urgency with which they imbue the traditional emblems of glamour, gently nudging the accepted boundaries of classic styling. Their success lies in their approach to fashion. They are not trying to run before they can walk. Such measured control is typical of the designers and is reflected in their clothes.

"We are not trying to reinvent the jacket," says Pearce. "Our aim is not to dictate fashion but to create style. We place importance on flattering structure with a touch of raunchiness." Flonda adds: "And because people are not as frivolous as they were, we design the collection so a customer can add and update."

In many ways their business is like their garments.

Everything starts with the silhouette, which is highly structured. Their sense of adventure is channelled into details. Their palette remains black and white, not unlike their bank balance.

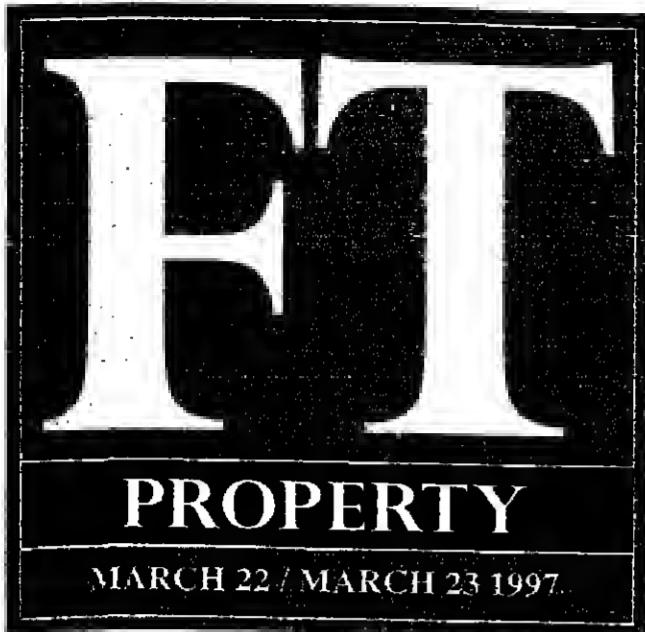
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PROPERTY

MARCH 22 / MARCH 23 1997



### The in crowd

*'The Euro '96 anthem was "Football's Coming Home". Now, homes are coming to football.'*



### Tax and the home

*'Labour would target people who are avoiding paying tax by exploiting loopholes in the current system.'*



### New landlords

*'People buying places to rent want more than just a piece of paper telling them they have money in the bank.'*

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# The world's most elite property club

You need more than the odd million to buy a really prestigious home, says Anne Spackman

**B**eing a millionaire no longer guarantees entry to the world's prime property club. From London to New York and Tokyo, the best houses and slices of land trade for many millions of pounds.

In Britain, one in every 550 adults is now a millionaire, according to a recent survey by Datamonitor. The trouble is, the more millionaires there are to compete for the best properties, the higher the prices rise.

Just two years ago, £1m would buy you a large freehold house in one of London's most popular roads. Knight Frank sold houses in Kensington Square, Brompton Square and Argyll Road for that price in 1995.

Now, that same money would buy you one of the best houses in Wandsworth or Highgate, but only a few houses or a large apartment in a prime district.

Knight Frank's current offerings at around the £1m mark include a brand new three-bedroom, three-bathroom flat at Mount Vernon in Hampstead, a penthouse flat in Soho, a three-bedroom flat overlooking Hyde Park and two central London mews houses.

City bonuses have been one cause of the sharp rise in prime UK property prices. The most senior figures in the banking world are active in the London market up to about £1.5m. Above that figure only the international super-rich and those who have created their own business empires are likely to compete.

In 1995, there were 14 sales in London for between £4.5m and £6m and six sales above that figure. At the moment there are 22 properties for sale for more than £4.5m, only seven of which cost more than £6m.

Anyone buying at this

level is likely to have homes in more than one country in the world. In some countries they are likely to have two. So, looking across the globe, what are the choices available to them?

At £5m you can have your pick of the London family houses. A large detached property in St John's Wood, Holland Park or Hampstead is likely to sell for around that price - if you can find one to buy. Or in Mayfair, you could afford a vast penthouse or a refurbished townhouse.

London has traditionally been a city of houses, but now developers are producing very smart lateral apartments in this price range. The best on the market is the Chelsfield development at Chesham Place in Belgravia, where a stunning apartment of 4,800 sq ft is being sold by Savills and Parker for £4.75m.

In the country market,

### Around the world with £5m

<b>NEW YORK</b> Fifth Avenue townhouse, £2.5m	<b>UK</b> Worcestershire: Eastington Hall Estate, over £2m	<b>GERMANY</b> Black Forest: Hofgut Fremersberg, £7m	<b>TOKYO</b> Value in land A good building site for £5m
<b>MALIBU</b> Film star bracket! An elegant Bel-Air mansion for £5m	<b>TUSCANY</b> Castello di Montepo, £4m	<b>VENICE</b> Ca'Dario, £5m	<b>HONG KONG</b> Hong Kong Peak: three-bedroom apartment, £5m
<b>SOUTH AFRICA</b> Glamorous locations House with superb view for £4m			

£5m will buy a small estate in one of the less expensive counties or a substantial house with land in a prime location. Offers over £5m are being sought for the Eastington Hall Estate in Worcestershire, which includes a Grade I listed Tudor manor house in 326 acres, with a lake, swimming pool and three cottages. The house

itself boasts the full plethora of Tudor features - vaulted ceilings, carved stone, vast fireplaces, paneling and exposed beams. It is being sold by Savills and Butler Sherborn.

To buy a significant, self-supporting English estate requires a few million more. Strutt and Parker is asking for offers of more

than £8.5m for the Pusey estate in Oxfordshire - the first large estate on the market this year. Pusey has a listed Georgian house, outstanding gardens, 1,500 acres of farmland and woodland, a farmhouse and 14 cottages and a proper aristocratic pedigree. It is also in the most sought after area of England, just north of the

M4 corridor - though it is not the most scenic spot.

Elsewhere in Europe some of the highest prices are paid for what are essentially bolly domes. In Italy, £5m will buy some of the country's most spectacular properties. The most stunning on the market at exactly that price is the Ca'Dario, one of the most prominent palazzos on

the Grand Canal in Venice.

Built in the 1400s by a Venetian merchant, Giovanni Dario, it is as much a work of art as a house. The building is rich in precious materials, with marble columns, carved stone arches and porphyry discs from Istanbul. Ca'Dario is almost

Continued on next page

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## STATE OF THE MARKET

## The elite property club

*Continued from Page 1*

next door to the Guggenheim Foundation, across the canal from St Mark's Square. The view is down the canal to the Accademia. It has its own pontoon two main floors of living accommodation, staff quarters and a walled garden. Visitors to the house in the 19th century included John Ruskin, who did a painting of the building in 1846.

More recent owners have included the former manager of the rock band, The Who. Agents DTZ Debenham Thorpe expect the next owners to be from the world of music, the arts, or film. "No one is likely to live in this house all year round," says Jonathon Woodfield of DTZ. "It is likely to go to someone famous who will use it as a statement of their life-style."

Further south in Italy, Knight Frank and Chianti Estates in Siena are selling a 16th century castle in Tuscany with a price tag of £8.2m lire, just under \$4m. Laid out around a courtyard, on a hill overlooking its own vineyard and 1,000 acres of land, the castle has vast rooms for entertaining as well as family accommodation. The combination is well illustrated on the second floor which includes a monk's room, a nun's room, the portrait gallery and a vast party room.

Another example of a luxury treat comes from the Black Forest in Germany. Holzgut Fremersberg is a country house, which was once home to the Siemens family, just outside the spa town of Baden-Baden. The four-storey stone house, with large bay windows and terraces overlooks its own formal gardens and stud in richly wooded countryside. It has seven bedrooms, a staff flat, gardener's cottage and swimming pool and is for sale through Knight Frank for DM20m - around £7m.

In Portugal, Knight Frank is selling a "palace" on a hillside overlooking Sintra,

near its famous Moorish castle. The property has 14 rooms, filled with antique furniture, and spectacular gardens and terraces. It is priced at around £3.75m.

In New York, where the property market recovery lags a little behind London, £7.5m will buy a smart townhouse in Manhattan's Upper East Side. Sotheby's International Realty is selling such a house just off Fifth Avenue, with 11,000 sq ft of living accommodation including a panelled library and six bedrooms, for \$7.2m.

Alternatively, you could have your pick of the luxury apartment blocks around Central Park. For \$8.3m you could even afford to buy one of the penthouse apartments in Donald Trump's latest tower at Number One Central Park West. The apartment is on the 48th floor, with views across the city, a 50ft main reception room,

**In Hong Kong, £5m still buys a lot – up to 3,000 sq ft in a prime site**

five bedrooms and six bath-rooms.

These are by no means the most expensive properties in the city. That accolade belongs to a 12,000 sq ft triplex apartment, with ballroom, on top of the Pierre Hotel. Owned by Lady Fairfax of the Australian newspaper dynasty, the apartment is priced at \$27m.

In Hong Kong, where prime property values rose at least 35 per cent last year, £5m – HK\$50m – still buys quite a lot of property. David Faulkner of Brooke Hillier Parker says you could buy an apartment of up to 3,000 sq ft in a prime location such as The Peak. A three-bedroom, three-bathroom apartment on Old Peak Road is for sale at HK\$30m.

In Singapore, one of the most expensive houses on the market enjoys views of the ocean. In Malibu, California, where location and view is everything, Bel-Air mansion, in gated grounds of four acres, with 11,000 sq ft of living space, recently sold for \$8.6m. Built for a couple, it had one main bedroom and six staff bedrooms.

In South Africa, one of the

joined by an underground passage to a leisure complex with swimming pool, steam room, gym and waterfalls. Set in the grounds is a four bedroom guest house and two more cottages. Pam Golding International is asking for offers over £5m.

The difference between the price to be paid for property in the cities and in the countryside is greatest in south-east Asia. In Hong Kong there is not enough land to qualify as countryside. While countryside exists in Japan, it is largely mountainous and difficult to develop.

In the last seven years, since the bubble burst in Tokyo, property prices have fallen by up to 50 per cent. Rents in the city are now slightly lower than in Hong Kong, with Singapore the most expensive.

In Tokyo £5m now buys a good piece of building land in one of the good districts within the Yamanote Line. "That amount now buys you twice as much as it would have seven years ago," says Guy Cubitt, Richard Ellis managing director in Tokyo.

His company has sold a 10,000 sq ft site, without a building on it, to a prominent Japanese businessman for Y1bn. Guy Cubitt says it will probably cost at least another £1m to build a reasonably lavish two-storey house, with around 6,000 sq ft of accommodation and a garden. "There is not the same market in buildings here," he says. "The value is in the land."

In Hong Kong, where prime property values rose at least 35 per cent last year, £5m – HK\$50m – still buys quite a lot of property. David Faulkner of Brooke Hillier Parker says you could buy an apartment of up to 3,000 sq ft in a prime location such as The Peak. A three-bedroom, three-bathroom apartment on Old Peak Road is for sale at HK\$30m.

In Singapore £5m falls awkwardly between the top of the mass market and the start of the luxury market. Bill McClintock of Hamptons International, says it would buy a small three-bedroom house with a garden in one of the nicer parts of Singapore. For a larger house, or the even more luxurious "bungalows", as they are called, prices would be nearer £8m to £10m.

For more information on

# Your home and a new government

Gerald Cadogan considers what a Labour election victory will mean for the UK housing market

**W**hen the FT's next property supplement comes out in June, a new Labour government could well have been with us for at least a month, and we may already have had a Budget or be on the point of having one.

So how will a Labour government affect the housing market this year? Not much, say estate agents, although they await a blip in the upward trend of prices around the election.

But the picture may be a bit more complicated, especially if Labour's policies in office alter the rules or back-drop of owning property.

For example, changes to the UK's tax haven status for rich foreigners such as Greek shipowners – who are resident but not domiciled, and are liable to tax on foreign income and capital gains only to the extent that they are remitted into the UK – could quickly blow the froth off the top end of the London market. The people who led its recovery after the pound lost strength in

September 1992 could sell points, in a pamphlet on "Labour's Agenda for Property".

Price falls, or a stagnation in prices would, in turn, affect the country market as less money was released from London sales to spend on moving home from Holland Park to Gloucestershire.

UK demand for good houses in London is now strong. But would it be strong enough to sustain the market after an exodus of foreigners?

He advisers of Gordon Brown, the shadow chancellor, doubtless know the problems in taxing foreign residents, as they have caused trouble for previous Labour governments.

But as we do not know what Labour's policies will be in detail if it wins government – and the detail is all-important – it is hard to see what the effect will be on the market. To help fill this gap, the Royal Institution of Chartered Surveyors has recently collected Labour's suggestions, as a list of brief

points, in a pamphlet on "Labour's Agenda for Property".

To start with the current market. Across the country agents selling good properties face a perplexing imbalance of supply and demand, especially in London and the south east. There, too many buyers are chasing too few good houses.

John Lowe, of agents Ridgewells, says it is the worst he has known since 1972. That was when the modern dynamic market succeeded one where prices had hardly risen since 1960. This means that when a good property does come up, buyers have to compete (perhaps through best and final offers, or private auctions). Thanks to bonuses and the cheery stock market, many are ready to pay cash and, perhaps in desperation to move, the final price can shoot up.

Otley Hall, Suffolk, is a typical story. It is a Grade I medieval hall which Strutt & Parker sold for £275,000 after just four weeks for around 25 per cent above the guide price. Similar stories abound.

Possible sellers hold back because they are not able to find a replacement home, thus exacerbating the shortage. Even agreed sales are going sour for this reason, Lowe notes.

Press reports of large premiums to guide price become another excuse for sellers to dither, feeling that they will get more if they wait, because the market as a whole has gone up 20 or 25 per cent.

That idea is false, says Charles Ellington, of buying agent Property Vision. Those premiums relate only to what a specific property

has achieved over the last comparable sale. Lowe, agreeing with this, suggests that increases achieved now – in a thin market – should ideally lead to vendors' capitalising on them. Then, as more sell, so the market will calm down.

When that will happen is unclear. With the present level of frustrated demand, we must assume that the market will stay buoyant, regardless of a Labour victory, bringing a cloudy spell.

Labour proposals that could affect the market include removing the 50 per cent reduction in council tax that landlords receive on empty properties. Ellington predicts a strong market in the summer, turning scalding in the autumn, followed by a long cooler period caused by a depression centred over Wall Street. Bravo words.

But only a few weeks are left. Happy Easter viewing.

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## BUYING TO RENT

Meet three buyers who have taken the plunge...

# Investors look to the future by becoming landlords

The main obstacle to buying properties to rent has gone. Anne Spackman explains how letting can now be part of a savings strategy

**L**andlords are a changing breed. The archetypal bespectacled owner who knocks on doors for the weekly rent in being replaced by the investor, whose rental property is part of a wider savings strategy.

Many of these investors have wanted to buy homes to rent for some time, but were put off by the punitive mortgage rates charged by lenders. The introduction of a Buy-to-Let package by Arla, the lettings industry's association, has removed that obstacle. It has also coincided with the return of confidence in the housing market.

The Arla scheme, launched last autumn, offers potential landlords help with purchasing a property to let, access to specifically designed mortgages and insurance policies, and a lettings and management service. The scheme's helpline took more than 5,000 calls in its first four months.

Direct borrowings in the four months to January are expected to be nearly £20m, making it a strong new growth area for lenders. As well as the five lenders associated with the scheme, other banks and building societies are starting to offer improved landlord packages. This increased competition is forcing lenders to be more flexible.

There is a growing acceptance that expected rental income can

be taken into account when calculating a landlord's ability to make repayments.

Halifax Mortgage Services, one of the Arla lenders, adds 50 per cent of the expected annual rental income to the borrower's personal income when calculating the loan.

As the business matures, flexibility is expected to increase on a number of other issues, such as whether or not the landlord must pay for the property to be managed by an Arla agent.

Lettings agents are advising

investors to buy properties suitable for young professionals in their twenties, or people relocating to the area for work reasons. They recommend buying modern properties with low maintenance costs or small terraced houses in good condition, in locations convenient for public transport.

Rupert Dearden of Robert Jordan Associates, a leading lettings agent in the north west of England, says the new investors are generally fed up with other forms of savings.

"These are predominantly middle-class, professional people. They want something which is more than just a piece of paper telling them they have money in the bank," he says. "They are Pepped and Tessaed up to the bilt. Some are doing it as an alternative to a pension."

Contact the Arla Helpline on 01923 896555.



## 'This is really a long-term investment'

**P**hilip Meakin runs his own business, Challenger Chemicals, in Salford. He is buying a terraced house in Sale, where he lives.

"Buying a rental property is something I've always wanted to do, but the mortgage rates for investors were always too high. Then I read about the Arla scheme. We contacted Robert Jordan Associates, because we wanted someone from our area. They spent an hour with us, giving us an insight into the business."

"We looked in Altrincham, but the returns were lower than in Sale. A terraced house costing £28,000-270,000 would only bring in £550 a month in rent. We are buying a two-bedroom terrace in Sale, which has a new kitchen and bathroom, for £49,000, which is likely to produce £450 a month in rent. It's a much better rate of return. Unlike most rental properties it's near the Metrolink stations, with a frequent service into Manchester."

"We approached the Skipton

Building Society in the first place, but their arrangement fee was more than £1,000. We didn't go straight to the Arla lenders, because they insisted you have an Arla agent to manage the property and we didn't want to make that commitment."

"In the end we went to an Arla lender, Mortgage Express, which offered us 8.69 per cent for five years. With that lender we could have five mortgages up to a maximum of £500,000. At the moment we haven't enough deposits. We are putting more down on our first property than we need to because we want to test the water."

"This is really a long-term investment. I'm 33 and I would like to retire when I'm 60. I can't get a pension together in the conventional way in the short time I've got, so I built up my deposit on the stock market and cashed it in. I paid £850 for my own first house which was very similar to the one I'm buying now for £49,000. It's capital gain I'm looking for."

Picture: Newsteam

## 'It has been hassle free and there have been no void periods'

**C**iaran McNamee is a young investment banker in London. He has bought two flats in new developments near the City of London, where he works.

"In 1995 I had a feeling that property prices were as low as they could be, interest rates were low and rental yields were very good."

"The area I was looking in, around Butler's Wharf, seemed to be developing in leaps and bounds. With the Jubilee Line coming, it seemed a sensible investment for the future. The other place I would consider buying is in EC1."

"I was up and running before the Arla scheme was launched. I

bought my first flat a year ago and completed in September. The prices I went in at were very good. I've already seen capital growth of 20 per cent and the yields have been in excess of 10 per cent."

"Let's hope it keeps going that way."

"I've done the whole thing

through Cluttons' Docklands office and it has all gone fantastically well."

"They gave me a realistic idea of the rents I would receive. I organised my finance through a broker."

"I've bought two-bedroom flats suitable for the corporate market which I furnished myself in

simple designs and colours. It has been totally hassle free and there have been no void periods."

"I was not a victim of the 1990s. I've heard a lot of other people talking about doing what I've done, but they haven't actually taken the jump, because they're still nervous about what happened then."



## 'In 20 years I will have a freehold house I have not had to pay for'

**R**aphael Wilkins, a civil servant in Bromley, Kent, is buying a 1960s house, costing £20,000 in his home town.

"The idea of having some money in a tangible asset has appealed to me for some time. When the Arla scheme was brought in, I was eager to take advantage of it. My primary investment aim is long-term capital growth. I'm taking out a 20-year mortgage for 85 per cent

of the value of the house with Halifax Property Services."

"I calculate that the rental income will virtually cover the costs initially and produce some income in a few years but the main thing is that in 20 years I will have a freehold house I have not had to pay for. That coincides with my retirement."

"I found the Arla advice extremely helpful. Andrew Reeves, the Arla lettings agent,

got me quotes from all the lenders and gave me totally impartial advice."

"The delays normally associated with house-buying seem to have been even worse than usual, probably because it's a new scheme. The final mortgage offer was slow to come through. I don't have vast sums, but if I could, I'd like to buy another house in a few years."

Picture: Tony Andrews

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Savills, London: 0171 499 8644 Contact: Ian Stewart  
e-mail: ian.stewart@savills.co.uk



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## BRUSSELS AND BOMBAY

## 'Twixt beechwood and battlefield

Gerald Cadogan samples the leafy suburbs of Brussels

From Waterloo to Waterloo, station to battlefield, is about four hours taking Eurostar and then a car from Brussels' Gare du Midi. The battle site is a large open space on the edge of Brussels, dominated by a victory monument of a large lion atop a conical mound.

Nearby, the vast beech forest of Soignes stretches back to town. Beechwood and battlefield are among the joys of Brussels and are excellent reasons to live in its leafy southern suburbs such as Uccle and St-Gilles-Rode, or on the other side at Ter-vuren.

In town, the first choice for somewhere to live must be a flat in the Sablon (as the Brussels call the Place du Grand Sablon) or in the Grand Place, which form the thriving heart of old Brussels. British commercial property developers, alas, destroyed much of the rest of the old city starting in the late 1950s. "Brussels has an extraordinary ability to change itself overnight," says conservationist Stanley Johnson, who has known it since 1973.

He adds: "Belgians love building their own houses, and often buy a house to knock it down. But once they have created a solid bourgeois home, they live in it forever. Many are out in Uccle and similar areas, where generously sized villas stand in their own grounds among plenty of trees. It reminds one of Washington or the grand suburbs of rich and old US cities like Cleveland."

"Or they live in *maisons de maître*, professional men's houses in the centre, or on the edge of the centre in Ixelles. These *maisons* date, preferably, from the heyday of Brussels before and after 1900, when Art Nouveau was rampant."

The Belgians' reluctance



Maison de maître: professionals' houses in the centre of Brussels



Lane, south-east of Waterloo

to move, and a 12.5 per cent registration fee (stamp duty) on purchases, create a sluggish market. "Brussels was a small town with a family housing market," says Jacques de Melenne of agents Housing Service, "and to a large extent it still is." But it also has the European Union, Nato, and the European headquarters of several US companies. Current prices offer fine value, especially when compared with London, for a comfortable life.

A maison de maître now

priced at BF750,000-BF800,000 a square metre would have been BF70,000-BF100,000 a metre at the height of the boom, and just BF70,000-BF30,000 in the early 1980s.

The market is still depressed. Citing recent cases of tumbling guide prices (such as an Art Deco maison de maître on Avenue Molére in Uccle on offer at BF720m, which six months ago was BF729m and originally BF735m), de Melenne concedes that the market must be near its low point. Anybody buying now at the right price should not lose in the long run. Advice is essential in making an offer, but retaining an agent should not involve a cost, as he will share the commission that the selling agent receives from the vendor.

Housing Service IGC, Brussels (032-2-732 9920); Rouyan Corporate Relocation, Swindon (01793-619555).

£35,700) for 45 square metres, de Melenne says, while he is selling the 1910 *maison de maître* at 47 Rue Darwin in Ixelles for BF729m. In Lasne, south east of Waterloo, he offers a 1965 six-bedroom house with pool and an acre of garden for BF735m. These are good examples of the present market. Two magazines, *The Bulletin* (in English) and *L'Eventail*, are useful for property advertisements.

Buyers should check whether they might become liable to the new tax in Belgium on capital gains (*les plus-values*) on second homes, which started in January. If a property is sold within five years and shows a gain, tax is charged at 15.5 per cent. Gains may not be indexed but one can add some charges incurred during the five years on to the acquisition price. This CGT could catch foreigners on short postings.

Rents are good value - at least for foreign tenants - in the centre, a small flat may be BF200,000 a month near the European Commission and Nato, BF25,000 on the Avenue Louise, or up to BF40,000 for an Art Deco flat in the Sablon. Larger flats may be BF35,000-BF60,000 a month unfurnished, and BF45,000-BF60,000 furnished, suggests Rouyan Corporate Relocation, and an unfurnished house (villa) with three or four bedrooms on the southern or eastern sides of the city, between BF50,000 and BF85,000.

"Belgium does not have a real property market," laments de Melenne. "But it remains a comfortable place to live, with masses to see, delicious beer, plenty of food, and an excellent place to bring up children. And property is good value."

Housing Service IGC, Brussels (032-2-732 9920); Rouyan Corporate Relocation, Swindon (01793-619555).



The beach at sunset

## From Bombay to Mumbai

Gerald Cadogan looks at the overcrowded Indian market

Bombay is no more. It is Mumbai now. That is the policy of the Hindu Shiv Sena administration in Maharashtra state, which nine months ago began to enforce a law passed in the 1980s to phase out the old British name (itself a corruption of the Portuguese *Bom Bahia* - "good bay").

Businesses are complying, including British Airways which has changed its timetable to Mumbai/Bombay. But the city has not changed. It is still the lively commercial capital of India.

On the promenade by the Taj Mahal hotel, the Gateway to India arch (inaugurated in 1927 to commemorate George V's visit in 1911) is still a powerful symbol of the city's importance. And it remains the centre of the Indian film industry.

Built on a group of islands, Bombay has 12m inhabitants, a desperate housing shortage, slums, and very expensive apartments, often only a few streets from the grimmer areas.

It came to the British as part of the dowry of Catherine of Braganza, when she married Charles II in 1661. Seven years later, he leased



it to the East India Company for £10 a year, which moved to Bombay from Surat. Parsees and Sephardic Jews came too, but the city did not take off until the railway arrived in 1854 and the Suez Canal opened in November 1869.

The city fathers celebrated Bombay's new status by erecting elaborate public buildings - perhaps the world's best collection of Victorian architecture - designed by British architects who found themselves free in India to build their dream creations. Sunday morning, when the traffic is quiet and boys can play cricket in the street, is the best time to tour imperial Bombay.

Eastern Shipping Co and Praron consultants.) This easily beats Hong Kong (\$3,000 a metre average in 1996), but is still far behind Tokyo (\$16,500 in 1996).

In terms of rupees (Rs = Rs55, or Rs37 on the Bombay black market) and British measurements, prime apartments cost Rs15,000-Rs22,000 a square foot in 1996, says KF, quoting Business India.

The average in South Mumbai (the smart area of Back Bay and Marine Drive) was Rs17,000 a square foot, peaking at over Rs18,000 in April-May 1996, but has now come back to around Rs14,000. This is in contrast with the prices of prime apartments in Delhi (Rs7,500-Rs12,000 a square foot in 1996) and Calcutta (Rs5,000-Rs2,200).

At the north end of Marine Drive are Chowpatty Beach and Malabar Hill with its Hanging Gardens, famous Jain temple and the Parsees' Towers of Silence. The Hill looks across Back Bay towards the business centre, and is a smart place to live and popular with expatriates.

■ Knight Frank, Mumbai/Bombay (091-22-266 1195).

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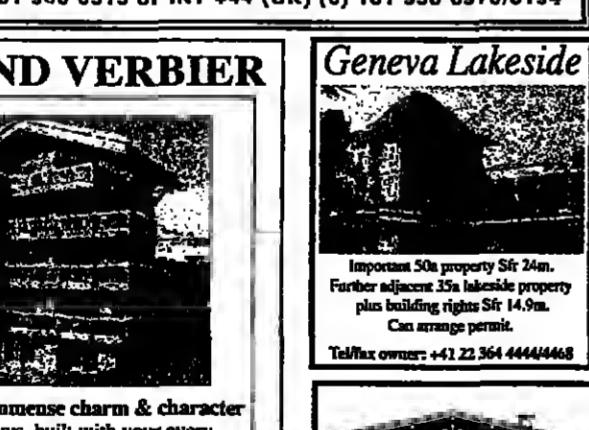
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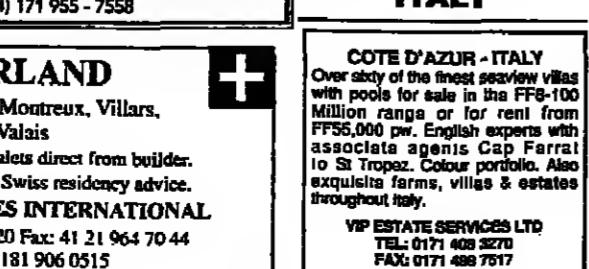
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## SAILS AND SALES

# What price a ship-shape berth on the waterfront?

Gerald Cadogan consults his land-lubber's log and finds it is time to go down to the sea again

**I**t was the first day of spring yesterday - a time for some folk - sailors or otherwise - to buy property by the water.

Thanks to the regeneration of old industrial and commercial space, the choice of waterside properties is no longer restricted to traditional sailing areas. Waterfolk can nowadays live next to the boat at, say, the marina in the old harbour at Penarth in Cardiff Bay or in Chelsea Harbour on the Thames.

In King's Cross in north central London, viewing starts in May at an new loft-type waterside development called Ice Wharf on the Regents Canal. The architect for the conversion is Tchark Chassay and it offers private moorings in its Narrowboat Marina. Prices will start at around £125,000. The agent is Alan Selby.)

People often choose waterside homes just to be able to look at the water. They have an extra sense of peace and freedom, something is always happening and the view is free of cars.

Two riverside developments have an extra attraction. They are next to elegant suspension bridges. Albert Bridge is on the south bank of the Thames in London by the bridge of that name (fees are from £195,000 to £700,000, and penthouses start at £1.5m). Haven Banks, where a second floor flat is on offer for £32,950 (Fulford), is beside footbridge over Exe at Exeter. .



Ice Wharf at King's Cross: an intriguing development

Emsworth (Jackson-Stops). Ross House at Lee-on-the-Solent is a dashing late Victorian pile which the grocery magnate Sir Thomas Lipton built at the mainland end of the Royal Yacht Squadron's starting line, after the squadron blackballed him. Here he checked that nobody jumped the starting gun, telegraphing the squadron if they did. After some years of this and success with J class yachts, the squadron let him in. The house costs £275,000 (GA Town & Country).

A few miles away, the 1920s Sea House near Titchfield fronts on to the Solent where it joins Southampton Water and has a garden down to the beach (John D Wood, £650,000). Across the Water, Curts Mead is a substantial early 20th century house on the Beaulieu river with a jetty (Paul Jackson, offers over £1m).

In east Devon, The Look Out at Branscombe, converted out of old coastguard cottages, has a glorious setting above a long pebble beach (Humberst, £635,000).

At Salcombe, Marchand Petit is selling a house converted out of a boatmen's store at Cookes Quay, with a mooring alongside the quay, for £184,000 (to include furnishings) and, for £275,000, the top part of the 1905 Bay House - a sailors' landmark on the rocks above the bar at the entrance to Salcombe harbour.

In south Cornwall are Long Loft, a converted net loft on the cliffs overlooking the cove of Cadgwith (near

Helston) where crab and lobster fishing still flourish (Miller, £360,000), and Carricknath on the harbour at St Mawes, with a public slipway by the house. (Miller & Son, no guide price).

Fresh on the market is Trerose, a small estate of 28 acres on the Helford river near Falmouth, with a boat

house on Porthalack cove. (Knight Frank, £1.5m-£2m).

In Anglesey, The Lodge, once the gatehouse for the Bishop of Bangor's palace and now enlarged, looks at Snowdonia across the Menai Straits - and has a jetty at the bottom of the garden (John Berry or Jackson-Stops in Chester, £295,000).

In the North West, prosperous Edwardian Fellside Quay on South Ferry Island. Viewing starts in autumn. Flats range from £73,950 and houses from £141,950 (Sykes Waterhouse).

Take the road to Loch Lomond for Tarbet House, built in the 1960s. Savills in Edinburgh asks for offers over £250,000 for the house, and over £20,000 for boat

house, slipway and mooring.

Finally, on the Norfolk Broads, Savills in Norwich is selling Sheerwater, a thatched house right on the water with a large wood landing stage and a wet boat house (£225,000).

■ Henry Adams, Chichester (01243-533377); Albert Bridge, London (0171-801 9559); John Berry, Beaumaris (01248 810101); Cluttons, Corfe (01258-747292); Fulford, Exeter (01392-412355); GA Town & Country, Lee-on-the-Solent (01705-550133); Humberst, Honiton (01404-43456); Paul Jackson, Lympington (01590-674111); Jackson-Stops, Chester (01544-328361) and Chichester (01243-786316); Knight Frank, Exeter (01392-423111); Marchand Petit, Kingsbridge (01549-857588); Miller, Truro (01872-42111); Miller & Son, Liskeard (01579-34401); Savills, Edinburgh (0131-226 6961) and Norwich (01603-612211); Alan Selby, London (071-613 3055); Sykes Waterhouse Black Horse Agencies, Liverpool (0151-734 2220); John D Wood, Winchester (01962-863131).

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Jetty at the bottom of the garden: the Lodge, Anglesey

Quay on South Ferry Island

Viewing starts in autumn. Flats range from £73,950 and houses from £141,950 (Sykes Waterhouse).

Take the road to Loch

Lomond for Tarbet House, built in the 1960s. Savills in Edinburgh asks for offers over £250,000 for the house, and over £20,000 for boat

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The anthem for Euro '96, "Football's Coming Home" rang around the UK when England played host to the European Championships. The competition was an important milestone in the transformation of English football from hooligan-ridden sport to glamorous leisure activity. Now, that process has evolved to such an extent that homes are coming to football.

Chelsea Football Club is redeveloping its Stamford Bridge ground into a huge complex containing flats, restaurants, offices, a hotel and a large health and fitness club. The only area proving awkward to capitalise on is the pitch itself. Even that may become the site for a golf-driving range.

The flats are being built directly behind the south stand and around the entrances to the ground on the Fulham Road. Mostly one-bedroom properties, they are selling for between £165,000 and £220,000. The penthouses start at £285,000. Ken Bates, Chelsea's flamboyant chairman, has reserved the most prominent for himself.

It is a far cry from the rows of old terraced houses which usually line the perimeters of England's football clubs. Their residents have had to live with the noise and inconvenience of tens of thousands of fans passing their front doors every other Saturday from August until May - not to mention a few evenings and Sundays as well.

Will prospective buyers at Chelsea Village feel this is too big a drawback for such an expensive home? Or can they be convinced that being so near the ground is a positive asset?

What makes Chelsea different from its football counterparts is its location. Wedged between the Fulham Road and Old Brompton Road, a spitting distance from the King's Road, it is in one of west London's fashionable locations. Fulham itself is enjoying a period of sharp price rises. Prices of flats have gone up by around 15 per cent in the past 12 months, according to Savills, and there is very little on the market to buy.

In terms of location Chelsea Football Club has more



Stamford Bridge, Chelsea: the only area proving awkward to capitalise on is the pitch itself

for between £160,000 and £220,000.

Clearly the concept is proving popular with buyers - but the first wave are not buying somewhere where they will actually live. The test of that will come in the main residential blocks.

Most of the flats at Chelsea Village are in a large apartment block with penthouse and underground car parking. In addition there are three floors of flats on top of the hotel, plus a smaller block at Stamford Gate. Savills says the scheme has proved the most attractive of the new developments it is currently selling in west London. There have been inquiries from the Internet from Cyprus and Hong Kong, as well as interest from British buyers.

David Prole of Savills says residents will either spend Saturday afternoons at the game, or go shopping and leave Stamford Bridge to the fans. With car parking spaces a compulsory extra in the package, costing £1,200 per year, they at least won't find their cars blocked in, as they might on the streets around the north London stadium.

In addition to the fans,

they will have four restaurants or their dogs. One will be a Japanese restaurant, as opposed to the multitude of Irish pub-bars springing up around the capital. A second will be a sports bar, based on Chelsea's famous 'The Shed'. The third will be an Italian restaurant, Camillo's and the fourth a smart fish and chip shop.

"We want it to be the Garden of west London," says Alan Shaw, Link's group secretary.

Chelsea Village has talked about for years, and it is finally coming to fruition. On the drawing board at the moment time. Football is the draw, and Chelsea, the charismatic manager, Guille, is one of its most glamorous clubs.

At the same time the property market is surging in London. If any club can sell flats on the edge of its ground it is Chelsea now.

**■ Chelsea Village sales office: 0171-585 2496; DTZ Debenham Thorpe, Edinburgh 0131-455 2222; John D Wood, Wimbledon 0181 944 7172.**

## At home with the in-crowds

Anne Spackman on the pros and cons of living near a big sporting attraction

in common with the rugby stadium at Murrayfield in Edinburgh or the All England Lawn Tennis Club at Wimbledon, both situated in prime residential areas, than with the average English football club.

Murrayfield is also currently the site of big housing developments, with both Cala Homes and Bryant building around the ground. Cala has used the rugby association as a marketing tool, naming its development Hastings Gardens after Scotland's international brothers Scott and Gavin Hastings.

Across the road, Bryan has named its large development of 170 flats Heriot Square, after the brewery which was formerly on the site. All 30 flats released in the first phase have sold, and the eight released in the second phase have all gone prior to the building being completed. Prices are mainly in the region of £90,000-£110,000 for two and three bedroom flats.



A far cry from the traditional terraces: a model of Chelsea Village

The selling agents, DTZ Debenham Thorpe, said the vast majority of buyers were choosing the development because of its style and location in one of Edinburgh's most desirable districts. One or two flats have been sold to buyers wanting a pied à terre in Edinburgh, who see the rugby ground as an added bonus, but for most it is irrelevant.

Graeme McCallum of DTZ said Murrayfield was only a big sporting venue for the two weekends of the Five Nations Championship.

"Even then, the crowds have a reputation for being a jolly, friendly bunch," he says. It is also used for American Football games, and two rugby clubs use some of its facilities, but they have no impact on the people living in the area.

In Wimbledon the impact of the tennis tournament is similarly short-lived and potentially advantageous. Families move to Wimbledon for the big houses, green spaces and good schools. John D Wood has just sold a Victorian house, needing total modernisation in Somerton Road, near the All England Club, for nearly £1m. A 1940s detached house in Bathgate Road has just gone for well over its guide price of £955,000.

For tennis fans, proximity to the club is a bonus. They can queue early for the tickets sold on the day, or even rent out their drive as a car park for visitors. Those who prefer to stay away during the Wimbledon fortnight can rent their houses out to players for prices which run into thousands of pounds a week.

With football, the scale of the sporting operation is entirely different. In any normal season there are likely to be around 20 home games. Extended cup runs, such as Chelsea has enjoyed this season, or European competition, will push that figure up.

With two of its stands being redeveloped, Chelsea currently holds 26,500 fans. When it is complete, the ground will hold 45,000. Those fans will pass through entrances, two of which are directly next to the two smaller residential blocks.

One of those is Bowring Court, a block of eight two-bedroom flats. With the building not yet out of the ground, Savills has sold all eight properties, six of them to investors who will let them out. Savills estimates the small two-bedroom flats will attract rents of £300-£350 a week. They have been sold

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## TAXING TIMES

# Will the rich foreigners be moving out?

Anne Spackman looks at the prospects for overseas buyers if Labour wins the election

**A**s overseas residents in Britain are generally wealthy and have no vote, they seem depicted as easy prey for any incoming Labour government. The Labour party may have planned not to soak the rich abroad, but what about rich foreigners?

The big estate agents, for whom these people are key customers in the London and country markets, have been issuing pre-emptive strikes on their behalf. Foreign buyers may not be able to vote in the general election, they say, but if you change the tax laws they will vote with their feet.

There have been statements about the attractiveness of tax havens such as Jersey, Monaco and the Isle of Man. Warnings of falls in London property prices have been issued. Press releases have depicted heavy losses for London's shops, restaurants and taxis, should the high rollers move away.

There was delight when it seemed master of the musicals, Andrew Lloyd Webber - now Lord Lloyd-Webber - had declared he would be upping sticks should Labour win the forthcoming election. In fact, although he is selling his Eaton Square home, he has made it clear he is not about to become a tax exile.

What does Labour have to say about all this?

It is almost impossible to get a Labour spokesman to say anything concrete about tax, with the election just weeks away.

However, Alistair Darling, shadow Chief Secretary to the Treasury, was willing to send some clear signals to

'If foreign buyers are threatened with taxes on their worldwide income they will go'

Under current law you qualify as a non-UK resident if you spend at least half the year abroad. However, if you have stayed in the UK for more than 90 days in four consecutive years, you are also deemed to be resident.

The big advantage for non-residents is that they are exempt from paying capital gains tax on sales of property or any other assets.

When it comes to property ownership, people have to be non-resident in the year of the sale to qualify for the exemption.

What Labour objects to is the practice whereby some

leaves the country during the year in which they make a killing, then returns when they are no longer liable to pay tax. "The Inland Revenue must be given instructions to ensure that somebody is simply exploiting the system like that, they do not get away with it," Darling said.

The same people have been the beneficiaries of a tax change which allows them to "roll over" the profits they make from shares or any other investments into farmland, without paying capital gains tax. The farmland can then be passed on without incurring Inheritance Tax.

Darling says: "There is a world of difference between encouraging people to pass on family farms and allowing, on the back of that, an industry to develop whereby people become 'farmers' for tax purposes. However," he adds, "closing these loopholes can take some time."

Jonathan Smith of Strutt and Parker's tax department says the kind of people who take advantage of this tax sheltering scheme normally have upwards of £500,000 to invest. "It is quite a complicated business," he says.

"You have to set up a company with a secretariat. Most of our clients qualify for the genuine relief, so they would not be affected."

Willie Gething of the buying agency Property Vision, predicts the closing of the loophole would have little impact on land prices, which have been rising sharply for the past two years.

"Farm prices have gone up because of the Common Agricultural Policy, not because of roll-over relief," he says.

This is an area in which there was clear blue water - or clear green fields - between the Labour and Conservative parties. The Conservatives had pledged to do away with capital gains and inheritance tax altogether. However, within the last month, that pledge has been postponed.

One big area of concern to top-of-the-market agents such as Knight Frank is the question of tax for non-domicile residents. People who live in the UK, but are citizens of another country, only pay tax on the income they generate in the UK or send here. They are not taxed by the British government on their worldwide income.

Lorna Vestey says a

change in that rule would have a significant impact on London.

"These people spend a lot of money here," she says, "not just on property, but in the retail and furnishings business, in restaurants, in the racing world. If they are threatened with taxes on their worldwide income they will go."

She doubts whether it is practicable to assess the worldwide income of many rich people. "How are you going to estimate the worldwide earnings of, say, a Saudi businessman? Rich people will always look for ways of avoiding paying tax, like putting their money offshore."

Darling would only say that Labour does not have a

policy to introduce a tax on worldwide income.

Finally, what about the hundreds, if not thousands of investors from south-east Asia who have bought properties in London over the past few years. Would they be affected by a Labour government?

It seems unlikely. "We welcome inward investment whether it is in a factory or a house," said Darling. "We live in an international economy. We have no problem with someone from Hong Kong buying property here. Those are not the sort of people we have in mind."

The typical investor from Hong Kong or Singapore currently benefits from exemption from capital gains tax. They can also avoid paying

income tax on the rent they receive, if they structure their investment carefully.

Alan Lester, of the London accountancy firm HW Fisher, has several hundred clients in south-east Asia. He says they are aware of the tax advantages of investing in the UK, but that is not the primary reason they choose to buy here.

"People buy to make money, they buy because it is a secure investment and they buy for sentimental reasons - because they have an emotional tie to Britain. They may have been to college here or they may educate their children here," he said.

"The big players are looking in purely financial terms at maximising their returns. Tax is one of the issues which makes the UK more favourable than other places."

He thinks it is increasingly unlikely that Labour would move against overseas home owners. "They keep saying they are not the party of high taxation," he said, "and they say they want to encourage more investment. Tax advantages are a part of that encouragement."

Willie Gething of Property Vision also believes Labour is keen not to jeopardise its new tax position. "If they change the tax rules, it will send a message to the rest of the world that socialism is back in the UK. That would ruin the popular belief in the street that Labour has changed."



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## LOOKING GOOD

**G**ood design was for a long time a rare optional extra in modern British housing. When builders could sell boxes and still make money, there seemed little need to splash out on architecture or materials.

The recession at the start of the 1990s changed all that, with the recovery starting at the top, developers had to produce something of quality in order to attract the only buyers with money to spend.

Such was the success of the early pioneers that other developers, particularly in London, have had to follow them.

Now, in the buoyant new-build market it is the design which makes the difference. In the highly fashionable loft and warehouse conversion market, schemes use their architects' names as marketing tools to attract fashionable buyers.

In the luxury market those who put in the finest craftsmanship and fittings find customers are happy to pay extra for it. In the market for mainstream flats, those who design the best, sell the fastest.

Agents have found that the best designers are the key to sales right across the board.

When asked for their favourites, these are some of the names which crop up most often: Anthony Collett, Richard Collins, Paul Davis, Klaus Nielsen of developers Northgate, Piers Gough, and, as developers, Marylebone Warwick, Salfour and the Berkeley group.

The two names which scored highest were Sandie Altman and Carina Carson, from Weldon Walsh, architects for Chelsfield on the Chesham Place Estate in Belgravia.

Chesham Place looks like a traditional Belgravia terrace from the outside, but inside it has been transformed into a series of stunning lateral apartments. Each one is different in size and layout.

The attention to detail and quality of finish is of a standard normally only found on



You cannot offer buyers a tube of Smarties and ask them to pick a colour: Sandie Altman (left) and Carina Carson

Malcolm Watson

## Design is no longer an optional extra

Anne Spackman asks two experts about their philosophies

one-off commissions for the very rich. The scheme incorporates international standards of service and security and has broken the £1,000 a square foot barrier.

Sandie Altman explains:

"We are normally working on historic, listed properties in prime areas of London. The buyers are international and discerning. They have technical requirements, in terms of security, communications, alarms and air conditioning, which are not easy to combine with old buildings."

"Developers have realised people will pay for high quality finishes and furnishings. We tend to hand-pick specialist craftsmen to work on the kitchens, bathrooms and cupboards. We also worked closely with the interior

designers from the start, so that they developed schemes around the architecture.

"There is a need to offer individuality at the top of the market. You cannot offer buyers a tube of Smarties and ask them to pick which colour they want."

Tchaik Chassay of Chassay Architects is currently working on Ice Wharf, on Battersea Basin, King's Cross.

The building has huge galvanised windows, hawing out across the water, and modern internal fittings, such as steel and oak kitchens, stone and wooden floors. Prices for the flats, which are mainly between 750-850 square feet, start at £125,000. The development is due to be launched in a

month from now.

He is also involved in the second phase of LCR's successful Stanhope Gardens development in Kensington.

Tchaik Chassay says: "There is a growing market for people who want some urban and modern Developers such as London Buildings, Manhattan Loft Corporation and Regalton have recognised that."

"So have the planners. They realise that there are sensible forms of modern architecture which fit in better in certain locations than an attempt at historicism."

"Urban developers, particularly in London, have recognised a change in spirit. The growth of Ikea has a compelling piece of evidence. There are people queuing around the block

for their modern furniture, interiors and kitchens. Companies selling pelmets and traditional kitchens are struggling."

"At Ice Wharf we have created a tremendous sense of space. The living areas feel like flats. They are designed to offer people the flexibility they now need, with lifestyles less defined than used to be."

"In Stanhope Gardens we had to have a more traditional look. There are pediments and scrolls, marble tiles and stone surrounds to the lifts. I'm a modernist myself, but I can appreciate any kind of good design."

"I find speculative housing work very exciting. I like to feel I am designing a popular product, rather than one person's whim."

Urquhart charges £30 an hour plus extra for mileage

## Save a little cash for the garden

Two garden designers tell Gerald Cadogan how they interpret their clients' wishes

**T**he garden defines a new home as much as its interior arrangements. Yet, too often, house buyers leave little or no spare cash for replanning the garden.

But when people do spend money, garden designers do not always find it easy. "Most of the time you have to interpret what your client wants," says garden designer Suki Urquhart (of Hetty McPhail Design), who lives in a dreamy ancient house in Banffshire with a luxuriant garden in country high on the valley side above the river Deveron.

A leading garden creator in the north-east of Scotland, she concentrates on "colour, texture, shape and proportions", stemming from work in clothes and, later, interior design. "I got so bored with people asking me to lunch and saying, 'what shall I do with my garden?'

"I experiment. It's like designing fabrics," Urquhart says, while remaining aware that "you can't stop somebody putting puce lovelies in the middle of your tasteful schemes".

Handling clients can be "quite tricky", especially as she believes that gardens should have jokes in them. She has little time for landscape architects as they are relentless about specifications, she says.

Garden design in Scotland has its problems, chiefly the climate. But stunning scenery makes fabulous backdrops. "It's vital to hang on to that, when one's thinking of a design," says Urquhart. "The scene must flow out of the landscape."

One of her muses is Kaffe Fassett, the knitwear designer, whose sense of colour and texture she finds inspirational. "I went for a walk with him on Elgg, and he taught me how to see things I had never seen before."

Urquhart charges £30 an hour plus extra for mileage

designing three water garden bridges for him.

"I start from what's there," says Adams, "and pay attention to the history of the place."

"Then comes the big question of what the clients want, which is not always what they think they want. You need to fire clients up very early on. If you can. The key is to make them interested."

Does Adams prefer roads or gardens? Both interest him. "With roads you are serving many people, which makes you very aware of the public interest."

"But with a garden for a Grade I listed building you are equally aware of a public responsibility." This attitude probably helped him win a landscaping commission from the Crown Estate Commissioners for The Holme, the 1817 (Grade I) house by Decimus Burton in Regent's Park in London.

Adams charges £45 an hour. "Others charge more," he says, although he knows of only two rich landscape architects, one who achieved it by tenacity, and one by being bought out.

It is a cyclical business.

"Having been through two recessions, I shan't employ more people unless I have to." Adams now has a staff of three. "I only had to put everybody on part-time for three months during the last recession," he says proudly. "We kept going, though without salary raises."

Adams has had two gardens refused change-of-use permission by planners and, sadly for him, the plots would not appeal. "But all those wonderful old gardens would never have been created if there were planners around. They would never have approved of Capability Brown."

■ Robert Adams Landscape Architects, Croppedy (01295 558486); Hetty McPhail Design, Rothiemay (01360 711276).



Dreamy house and garden in Banffshire  
Eric Emerton

- she might have to drive long distances to supervise a bulldozer in fierce sleet.

In England, Robert Adams sees himself as a landscape architect and a horticulturalist. He trained at Reading University intending to take his skills to Kenya, where his father farmed.

Adams eventually found himself working and living in Greece for 16 years, with outside commissions ranging from the Middle East to Benbecula in the Outer Hebrides. Adams now lives in north Oxfordshire and works throughout Britain on gardens, roads, historic landscapes and expert evidence at planning inquiries.

His first road job was on the A3 south of Guildford in 1981-82, but road work has shrunk as contractors plan their own design-and-build schemes.

He says he is lucky that well-off people have money to spend on gardens.

Adams rejoices in patrons such as Lord Carrington, for whom he has worked since 1968, creating a formal garden, woodland water garden and, five years ago, a sculpture garden. Now he is making another sculpture garden, for Michael Heseltine's bouse near Banbury, after

the landscape.

One of her muses is Kaffe Fassett, the knitwear designer, whose sense of colour and texture she finds inspirational. "I went for a walk with him on Elgg, and he taught me how to see things I had never seen before."

Urquhart charges £30 an hour plus extra for mileage

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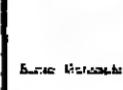
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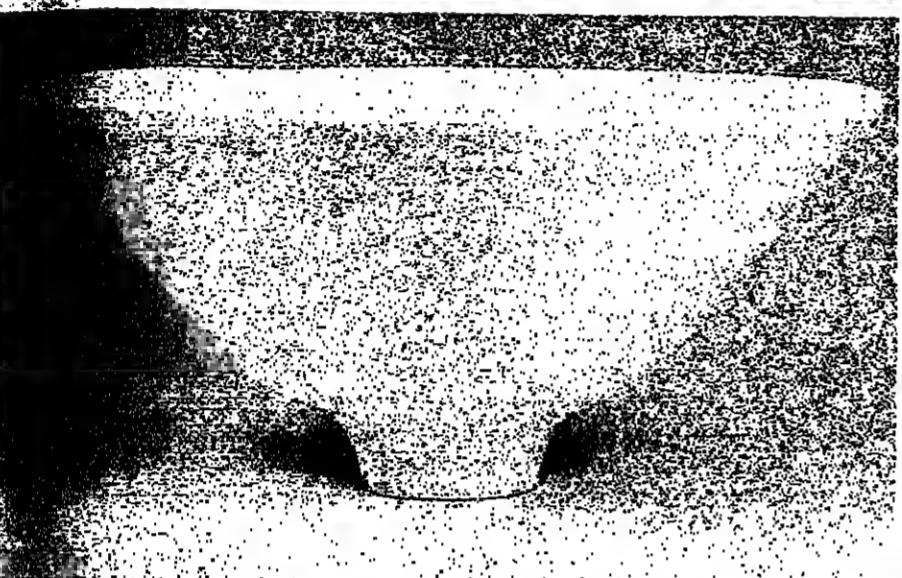
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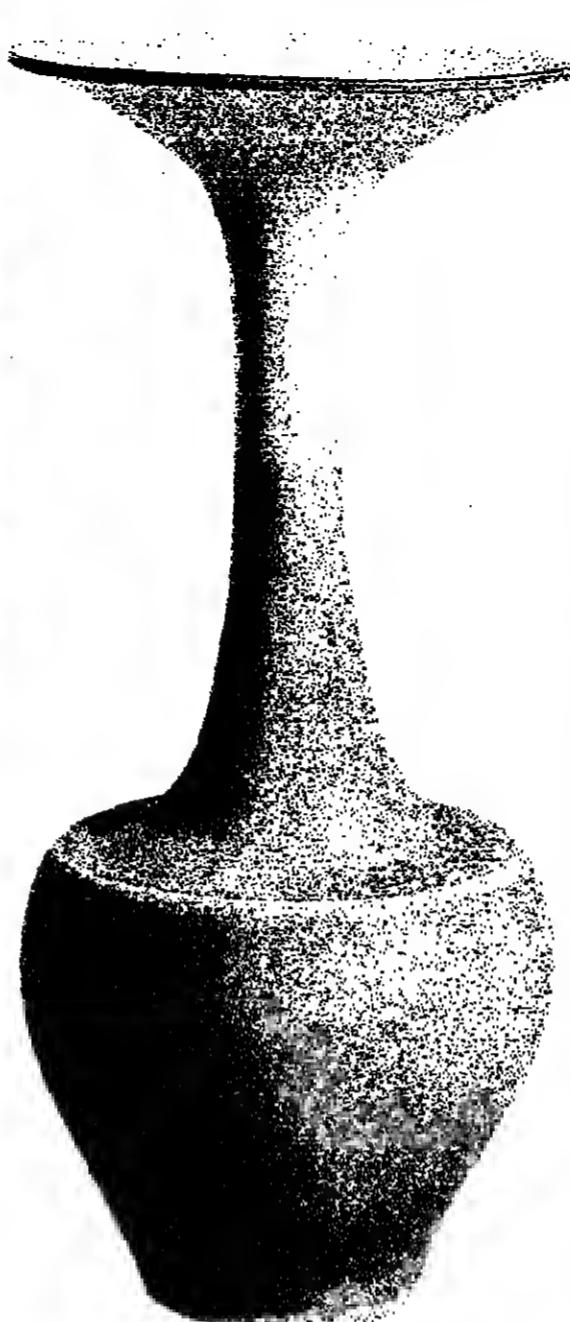
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## HOW TO SPEND IT



Top: Lucie Rie at her potter's wheel. Above: One of Rie's delicate matt off-white glazes on a large footed conical bowl, estimated to fetch between £3,000 and £12,000. Right: Typical of Rie's elegant, yet lyrical spirit, this porcelain bottle vase should realise between £4,000 and £8,000.



## Wheel of fortune turns

**Lucia van der Post** recalls the woman who redefined British pottery as a fine art

**L**UCIE RIE, the great British potter who died two years ago, changed the way the British looked at pots. She managed to persuade many that, far from being simply indeterminate lumps of clay, pots could truthfully be defined as fine art.

With Bernard Leach and Hans Coper she formed a formidable triumvirate that brought British ceramics into the international arena. Behind the scenes, sitting quietly at their potter's wheels, they engendered a pioneering spirit, a sophistication, a delicacy on Rie's part, and a masculine

strength on Coper's that changed the direction of British ceramics forever.

Through their work a new tradition - sparsely decorated, free of classical or historical references, dependent upon form and the qualities of the glaze and some surface texture for their effect - came to be understood.

Rie was a natural. While studying art history, drawing and painting in Vienna, she wandered into the ceramics department, sat down at the wheel and as Cyril Frankel tells us in an excellent foreword to the catalogue accompanying a forthcoming Bonhams sale of her work, as soon as she left the form of a rising vessel she was "lost to the wheel".

In the next 70 or so years of her life pots were to flow in a rich and maturing pattern from her wheel.

For years her pots were a private passion of many serious collectors - such as the late architect Sir Ove Arup, Lord Queensberry, Sir Robert and Lady Sainsbury as well as humbler folk such as Dr Rollo Ballantyne, a national health GP and his wife who bought her work steadily through the years - but she gradually became widely sought after world-

wide. An exhibition of her work and that of Hans Coper at the Metropolitan Museum of Art in New York in 1994-1995 brought a big following in the US.

Issey Miyake, the avant-garde Japanese fashion designer, became enamoured of her work and of her as a person - so much so he longed to make clothes for her. When he organised exhibitions in Tokyo and Osaka to introduce her work to the Japanese there were queues around the block to view them.

For those who know and love her work April 17 brings a rare opportunity to buy it - a collection of her work will be sold by auction at Bonhams which titles the catalogue "Sale of a Lifetime".

This could sound like hyperbole except for the fact that Lucie Rie is dead, that much of her work is already safely stored away in private collections and museums around the world and that what is for sale on April 17 are the pots, buttons and jewellery that were found in her workshop and showroom after she died.

Once these are sold, there will be no more pieces for sale except for those that come on the market from time to time when private owners decide to part with them.

Estimated prices (which are, of course, nothing more than guesses) will seem high to those not versed in the prices that fine pots fetch these days - there are a few simple plates and dishes available in the low hundreds (in particular two dishes with a beautiful egg-yolk yellow glaze estimated to go for between £450 and £900), some of the buttons (she survived in war-time Britain making ceramic buttons) are less than £100 but otherwise almost everything is priced in thousands.

So far, nobody who has bought a Lucie Rie pot has ever lost money on it - those who bought from her in the 1960s and 1970s have seen the prices they paid multiplied many times over.

Those who cannot afford to buy but are interested in the work should go along to look - it is a wonderful opportunity to see the range and depth of her work.

There are the supremely delicate and sophisticated pieces that for many people define her best work, but there are also the more robust pieces with rougher textured surfaces that for others are just as authentic a part of the Rie legacy.

The catalogue alone is worth buying. Put together by Frankel - who first met her simply as a collector who loved and bought her work but became a close and trusted friend - it costs £15, gives a charming outline of the potter's life and is filled with many pictures of Lucie,

## A virtuous shade of baby white

Fine linen - no problem, says Lucia van der Post

Sometime in the late summer of 1993 when Christian Rucker was a beauty writer on Harper's Queen magazine a friend, who is now her sister-in-law, happened to mention how difficult she found it to buy simple, good quality white household linens.

It wasn't long before Christian found herself giving in her notice, sourcing suppliers of fine quality white linens and running a mail-order venture of her own - her then fiance and now husband Nick Wheeler, having started his own mail-order shirt business a few years earlier.

The virtues of white are so manifold and so obvious, that looking back it seems extraordinary that nobody thought of such a simple yet obvious idea before.

Be that as it may, The White Company (as Christian Rucker named her new "baby") seemed to find ready approval from all sorts of people who longed to have easy access to a whole range of white household goods - from plain Irish linen napkins and damask tablecloths to clean-lined white china and sweet lace cushions.

And, of course, the prices helped. Quality for quality she was able to offer things such as plain linen sheets, thick white cotton bedspreads, linen damask hand towels, hand-embroidered white cotton duvet covers at prices at least a third cheaper than those to be found in retail shops.

From an initial mailing list of about 800 (mostly gleaned from the first article about the newly launched company printed on these pages) the list has now grown to more than 40,000.

All sorts of items have now been added from what the catalogue calls "houder bottles" (fetching vessels for storing bath oils and scents)

and blankets to small presents such as cuff-links, business card holders, clocks and compact mirrors and, most recently, a charming iron bedstead.

Products are found as far afield as Portugal, Ireland, China, the north of England and Germany. But the backbone of the business, the things more buyers are

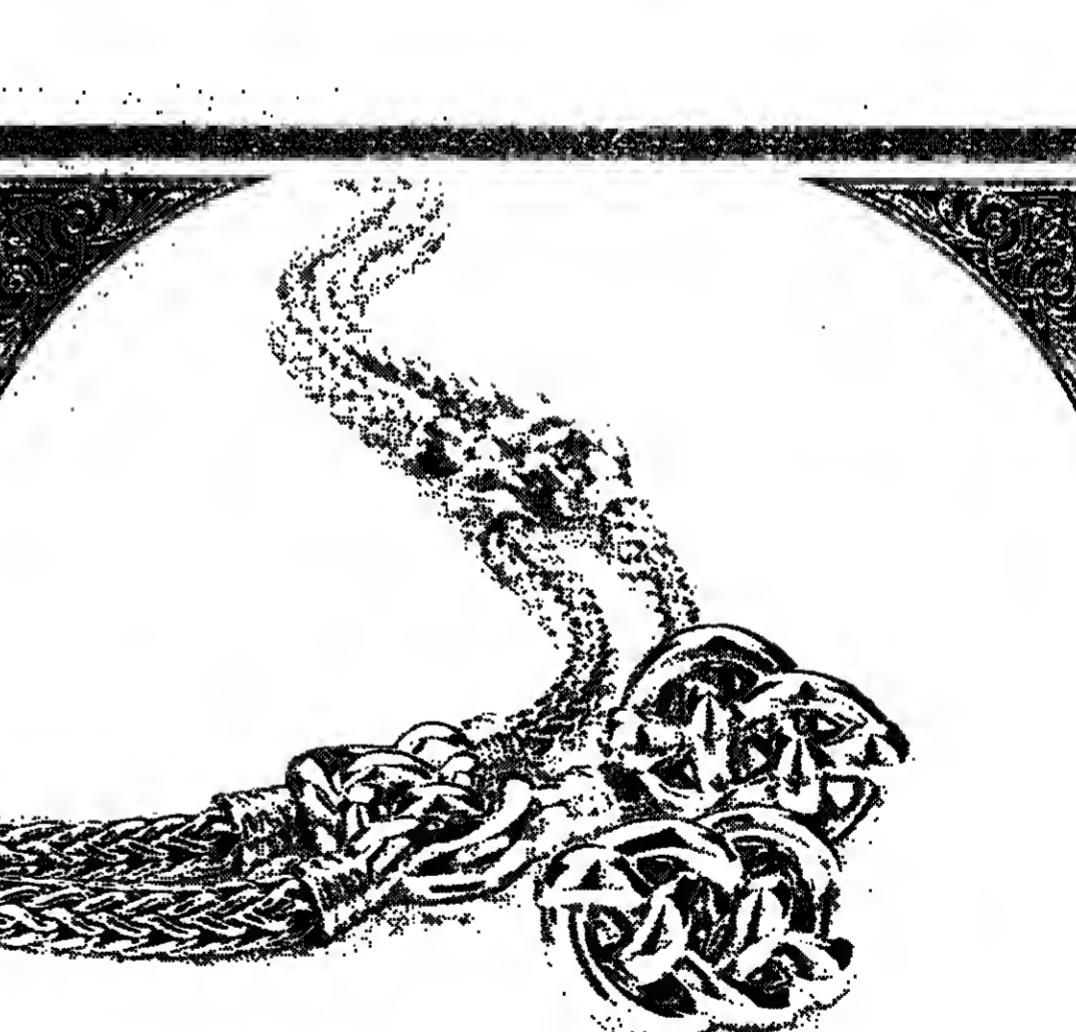
software programme for stock and database management as well as eight full-time members of staff and something like 120 orders a day are dispatched. But the key new development is that since the company was first started, Christian married and had a baby so the inevitable now has happened and White Company Baby was born.

For any new mother (or grandmother, godmother or generous friend) the new collection is a Godsend. Here are many of the prettier things a household with a small baby needs - white hem-stitched cotton cot-sheets or white pique-bordered cot-sheets, white towels, soft blankets in pastel checks of blue or pink as well as an eminently useful "bumper" (a lining for a cot to protect the baby from bursting itself against the bars) which comes in plain white or edged in pink, yellow, green or blue gingham.

Bibs, huckaback hand-towels with *Salle de Bain* printed on them, and all manner of sweet extras such as padded hangers, nursery cushion covers and towels edged with appliquéd elephants are available, too.

A useful present for new mothers is the baby gift basket - for £24.99 there is a pique-covered basket filled with a hooded towel, Johnson & Johnson baby products and a teddy-bear.

New items will be introduced from time to time so anybody with a new baby who has had a surfeit of bunny-decked baby-wares should keep an eye on what the company has to offer. In the meantime The White Company Baby line will be incorporated into The White Company brochure which comes out on May 1 and is available free from: The White Company, 238-300 Munster Road, London SW6 6SH. Tel: 0171 363 7988.



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The survey will also examine the state's other industries including tourism, agriculture, electronic and telecommunications equipment.

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## OUTDOORS

**H**alfway down my garden path one beautiful evening last summer, I froze to the spot. There, just a few yards away and quite unconcerned, was a badger. He - I say he, as at that time I had no way of telling but later events suggested he was indeed a he - was sniffing through a cast-iron fruit tunnel supposedly protecting my strawberries.

The tunnel is about 18in high at the apex and the badger found turning round at the end a bit of a tight squeeze. Still, it was worth it for the remains of my strawberry harvest.

He emerged from the tunnel, sat down, scratched himself - and then saw me. He rushed off and disappeared under my shed.

which is built up at one side to take account of uneven ground. I was thrilled to bits; I had never seen a (live) badger in broad daylight before.

Word quickly spread round the village; my neighbours were impressed. "But don't approach him," said one. "They can be vicious." All were agreed that the long spell of dry weather had made the ground so hard that his normal diet of earthworms was unobtainable. The poor creature was obviously starving.

Some time later, in the

space of four days, the shed door underwent a transformation. I found I could not shift it. With much heaving, it eventually opened but then it would not shut. The local champion ploughman/drystone waller and found of all knowledge came on the scene. "I'll have to shave both the floor and the bottom of the door. That's the cure but we must do something about the cause."

Though we could not see anything, the badger's digging had undermined the foundations. "They hate the

smell of creosote," said Roger. We soaked a piece of old sheeting and put it under the front of the shed.

Come the autumn, my uncle came on the phone: "Is that the badger sanctuary?" "Yes," I said weary, "unfortunately, it still is." The sheet had been dragged further underneath; he was making himself comfortable. A large hole had been dug beside the shed - just where my tulip bulbs are planted.

I consulted one of the local farmers. "He's trying to attract a mate," he said.

"He digs a hole, and traps in it. If the lady badger responds by leaving her own deposit, he's laughing. If she doesn't, he'll go away. You'll just have to wait."

I waited. The lady appeared not to have been wooed. I put the by-now-frozen offering into a plastic bag and into the dustbin. I filled the hole.

But my badger is nothing if not persistent. The holes have proliferated - and so have their contents. The latest is inches away from a cyclamen neapolitanum which I had been hoping would naturalise. It has

obliterated the cyclamen seeds I had sown there. Another is in the middle of the bluebells and anemone blanda which give me such pleasure when they open their blue faces to the early spring sun.

Last winter I found that a tunnel had been dug into the middle of the compost heap. I remembered there had been a wasp's nest there in the summer. The badger had obviously been after the grubs. But I had repaired that damage and it was not repeated. The badger had moved on - by trying to dig under the fence between me

and my next door neighbour. That put paid to the polyanthus.

But this time he was in for the duration. "They're a protected species," said a forester (as if I didn't know). "You can't get rid of him."

The only thing you can do is stop him getting in."

Of course, he could come from the field opposite, cross the road and walk up the path, but I think he is, as I am, a creature of habit.

This is not difficult since it is the old churchyard wall which collapsed many years ago and about a year ago

where the soil is broken up round the roots. The slope has been worn smooth with the traffic of clambering feet. I have put a coil of barbed wire across the gap. So far, the only damage that has been inflicted is to my face when I was tugging at the wire.

Another hole has

appeared - this time about 1½in in diameter above a mound of very fine silt. A bank vole, says my

neighbour: a weasel, I wonder, since I did

have the pleasure of seeing one at that spot in the summer. Now, a couple of daffodil bulbs have erupted half-way out of some more freshly excavated heaps. A snake?

No longer am I so delighted that my garden is a haven for wildlife.

## Hidden treasure washes up in the storm

A dark, black stone is making a reappearance in North Yorkshire, writes Nigel Burnham

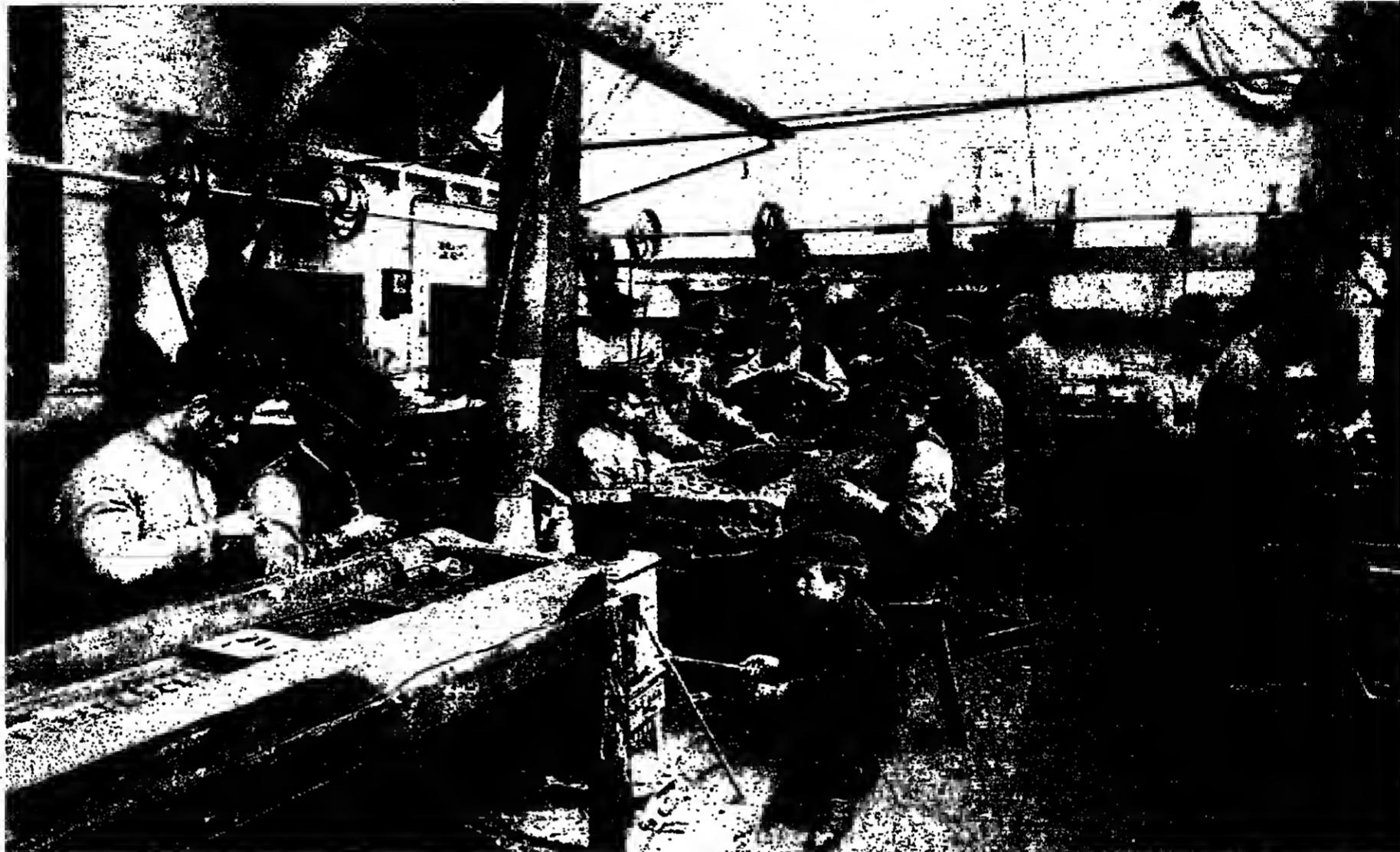
**S**tormy weather is bad news for the town's struggling guest houses and for the residents of Henrietta Street whose cottages are in imminent danger of falling into the North Sea - but good news for an extraordinary industry enjoying a renaissance.

For whenever there are rough seas off the small fishing port in North Yorkshire there is the prospect of the discovery of more supplies of the dark black stone on which the town's historic jet jewellery industry depends.

"It's a fact," says Alec Mackenzie, who runs Victorian Jet Works with his son-in-law Hal Redvers-Jones. "Jet has gone in and out of fashion throughout the ages but its popularity - or lack of it - has often been linked to the availability of the material itself. It's in the cliffs and the rocks on the sea bed and you have to wait for rough seas to sweep it up or expose it."

Whitby's jet - created 180 years ago when monkey puzzle trees were washed into the sea and subsequently fossilised after being flattened under tremendous pressure - is considered the best in the world. And it is still found, by retired fishermen, the unemployed and young children, along an eight-mile stretch of coastline between Sandend and Robin Hood's Bay.

Twenty years ago the industry was all but extinct



A Victorian study: jet workers in Whitby during the heyday of the local industry in 1890

in the 1950s, about 30 miles south in the Roman town of Derventio (Malton).

Over the centuries the stone became revered for its supposed magical and medicinal properties.

"When heated, jet drives away serpents," wrote the Venerable Bede, while others believed that powdered jet mixed with the marrow of a stag was an antidote for poison, or in the 14th century, hung jet crosses and rosary beads from witch posts as charms against witchcraft.

But Whitby jet's great years came in the 19th century when the ancient primitive methods of fashioning jet using knives, files and rubbing stones were superseded by the ability to turn the stone mechanically.

In 1832, there were only two jet firms, employing 25 hands, but by 1851 there were seven; several of whom were invited to send samples to the Great Exhibition in London. They included Thomas Andrews, jet orna-

ment-maker to Queen Victoria, and Isaac Greenburg, who in 1854 received an order for a 4ft 6in long cable-chain guard from the Queen of Bavaria.

At the height of the Whitby jet rush, between

**The stone became revered for its supposed magical and medicinal properties**

the 1870s, about 300 men and boys were employed in the industry in Whitby and the surrounding area. Another 200 combed the North York moors for the stone, worked in jet mines in Farndale, Rosedale and the Cleveland Hills or patrolled the sea-

shore looking for washed jet pebbles or cliff falls to reveal a new seam.

Large quantities of jet

were exported to France

- not just necklaces, pendants,

ear-rings, bracelets, rings

and brooches, but also ornaments for hats, bonnets,

sprays and clasps in the

form of birds, insects and butterflies.

The industry's heyday did

not last long. Cheaper, inferior jet imported from Spain and similar jewellery made from vulcanite undermined the Whitby trade while the somewhat bulky pieces went out of fashion as women began to favour more delicate jewellery.

By 1884, the numbers of people employed had dwindled to fewer than 300, in 1921 to 40, while by 1936 it was predicted that "in a few years' time the trade will cease to exist".

The industry's rebirth is

perhaps best illustrated by the fact that all the businesses in Whitby are finding it difficult to meet demand.

There are no stockpiles. Everything they have is on display, from jet and silver

ear studs at £5.50 a pair to £25 brooches and necklaces costing £100.

Jet is likely to receive

another boost in May when

half a million people are

expected in town during the

10-day visit of the Australian-built replica of Whitby hero Captain Cook's Endeavour.

If they do not buy up all

the jet, thousands of others

expected to follow to cele-

brate the centenary of the

publication of the Bram

Stoker classic *Dracula* -

three chapters of which are

set in Whitby - probably

will.

Whitby may be only a

small town with a popula-

tion of 14,000, but the resur-

gence of the historic jet

trade has given people from

all over the world even more

reason to visit. You never

see Whitby jet advertised

- people get to know about it

by word of mouth," says

Mackenzie.



Port after a storm: Alec Mackenzie collecting jet

Ben Ains

Gardeners have had two unimaginably wonderful weekends. Three in sequence are too much to hope for, but this amazingly kind March has left us well placed for the spring rush. The early bulbs were late in most parts of Britain and we have just enjoyed the unusual sight of crocus overlapping with the early spring Prunus and the best of the small narcissi.

For several years, I have been dotting small clumps of small narcissi down the lengths of the main flowerbeds. This garden used to be as bleak as the steppes in March, but it is now alive with groups of easy narcissi which other, more favoured areas, would expect to see in February.

I have learned from experience that it is worth any effort and expense to find and plant varieties of daffodil and other bulbs which

are listed as flowering unusually early. In cold parts of the country, they then appear six weeks late, but still before the rest of the neighbourhood has any

thing to show for itself. Among the heavenly flowers of this delayed spring, it is easy to forget to think forward and look beyond the beauty before us. Looking forward is essential if you are to join one of the bands now rolling ever further up a social scale whose supposedly sensitive peaks have been through a period of despising it. The dahlia has never been despised by most of the members of local gardening clubs and show groups.

When the rest of us went

pastel in the mid-1950s and opted simply for covering the ground and saving labour in the 1960s, the dahlia was put firmly back on the allotment from which it was believed to have elevated itself. This strange history in taste is now being repaired. Labour-saving is no longer the subtitle of gardening - it ceases to be fun if it is in no way laborious. Strong colours are back and some of the best borders in the public National Trust gardens have shown that even the grandest settings banish the dahlia at their

peril. These days there are short cuts. You can buy this summer's dahlias as ready-rooted cuttings which save any involvement with the bulky, mouldering tubers underneath old plants. Many people are willing to spend a little money to save the extra percentage of time

which now makes the old specialities hard to manage in a weekend garden. The best dahlia suppliers are taking orders for rooted cuttings and I must emphasise that they are an excellent method, well able to lead on to superb flowers by mid-August and will transform the range of your garden for the next three months.

Dahlia Heddon-on-the-Wall, Newcastle upon Tyne NE15 0JS, will take orders for rooted cuttings until April 10 and will send by mid-May (tel: 0161-382446).

Halls sends out stock by post, whereas the admirable Aylett will only supply orders for rooted cuttings until April 16 if you have failed to reserve the colours which suit you best. Aylett rooted cuttings are not sent by post.

Last year, I went back to a wider range of dahlias, lured by Halls' postal service. The small rooted cuttings may strain your faith when they arrive in mid to late April, but they will grow into superb flowering plants by mid-August and will transform the range of your garden for the next three months.

Mid-April arrivals must be

kept in frost-proof places, preferably a small greenhouse, although I have had success in the spare bed at August Halls of West Hid-

dahlias bring out a dahlia's intensity and abundance. If you simply plant them out, stake them and forget them, you will miss most of the fun.

Gardeners are good at for-

ward thinking, but mainly in the manner of a daydream. They are less good at acting on their vision of a later season, except in winter when there is nothing much except catalogues and evergreens. Everything has woken up wonderfully this year, but do not let its down chorus divert you from the dahlia.

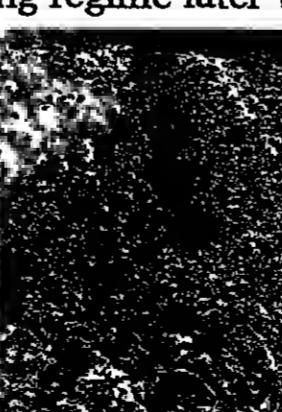
Another good idea is to

Apply for:  
INSIDER GARDENING  
A DAY OF LECTURING AND TEACHING  
BY ROBIN LANE FOX

JUNE 22 OR JULY 5  
At New College, Oxford: 10.15 am to 4.45 pm

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To apply, send your name, address and preferred date (give second and third choices, if possible) and a cheque for £95 (inc. lunch and parking), payable to R & M. 13 Gloucester Street, London S.W.1. Numbers are limited, but tickets and details or returned cheques, will be sent within 7 working days of receipt.



Dahlias have emerged from the allotment and are undergoing a renaissance

Photographer: Gordon Picture Library

Orange Keith's Choice, the

## TRAVEL

# Down yonder in New Orleans

Nicholas Woodsworth wonders if he is getting too old to celebrate Mardi Gras in the proper manner

**T**here are certain places which, no matter how often visited, always invite return. New Orleans, that most unusual and evocative of American cities, is one.

I barely noticed the vast, monotonous swamps unfolding before me as I sped the last 80 miles from Baton Rouge to New Orleans. The winding bayous, the waterlogged tree stumps, the dense grey wall of oaks and cypresses flashed past almost unremarked. Instead, in my mind's eye, I shuffled pictures of earlier visits to the good-time city on the Mississippi.

I thought of early mornings of strong coffee and sugary-dusted *beignets* at the *Cafe du Monde* in the French Market. I remembered a sub-tune jazz trumpeter on a hot and crowded night at Preser Hall. I conjured up an unforgettable bowl of artichoke and oyster soup eaten on an elegant wrought-iron balcony on Chartres Street.

Re-awakened-up images, not entirely coherent, of a strenuous evening's bar-hopping on Bourbon Street. I recalled

not only vaguely - hopping up and down with glass in hand before a trio of small black boys tap-dancing for a sidewalk late at night in Jackson Square.

And the clichéd memory every tourist brings home from New Orleans, and they are happy ones. Normally I feel just the slightest twinge of guilt after the kind of hedonistic, self-indulgent blow-out that New Orleans offers. But this was, after all, I reasoned, a town made for self-indulgence.

Wasn't New Orleans the over-nickeled "the Big Easy"? And, what was more, wasn't the two-week-long celebration of Mardi Gras now well under way? Even dentists at conventions have a good time in New Orleans. I was, I decided, looking forward to it all over again.

But that, in the end, was not the way it worked out.

My New Orleans residence on this visit was not the French Quarter - centre of most of the city's partying and the site of previous stays - but the home of my friend Carol Hester, A native Louisianian, Carol is an entertaining, unconventional individual with a fond eye for the fables and eccentricities of her city.

The only inconvenience was that she lived in "uptown" Carrollton, once a riverside plantation on a bend in the Mississippi and far from the action of the "downtown" French Quarter. Between the two was a long, shuddering ride on the St Charles streetcar. This was likely, I thought, to put a crimp in any serious Mardi Gras revelry's schedule.

I ended up, after a day or two, not minding at all. For all its removal from the excitement and carousing I found Carrollton enchanting. I discovered a New Orleans I had never seen before - a relaxed, slow-moving, neighbourhood New Orleans. It was more entertaining than Bourbon Street bars.

Instead of perching myself

on a high bar-stool in a noisy watering hole I found myself ensconced, among potted plants and bits of old furniture, on the front porch of Carol's house.

Like all the buildings on the street, Carol's is an old wooden house gradually being conquered by the years and the degradations of sub-tropical heat and humidity. Outside, plantlife ran riot - tree-roots heaved up streets and sidewalks; grass and giant weeds grew higher by the day; blooms of magnolia, camellia, and sweet-olive drugged the air. But nothing man-made stands up to New Orleans's climate for very long. Paint peels. Metal rusts. Walls stain. Foundations rot. Wood warps. Dilapidated but still gracious, New Orleans from Carol's porch was a city under slow, relentless siege

From there it got rapidly more frenzied, testosterone-charged and drunken. Bourbon Street filled cheek to jowl with revellers until no one could move. In a form of barter that seems to have become the main attraction of Mardi Gras, carnival beads now became a kind of sexual currency: offer a young woman enough beads and in exchange she will, to the approving howl of the surrounding, gawping, showing mob, give you a quick look at bits of herself usually kept under wraps.

Am I perhaps getting too old for this kind of thing? After the civilised and leisurely rhythms of Carrollton it all seemed a little much. The drink flowed like water, the packed crowd spilled about like an angry sea, and crazed young men bellowed in a way that reminded me of the fog horns on the Mississippi. After a while I could take it no longer. Homewards-bound, the cool night air flowing in the window of the St Charles streetcar was a huge relief.

I woke next morning to the sound of a choir. Down the road, the black congregation of the Church of Saint Joan of Arc had begun their Sunday morning service, and the music floated out into the still sleeping neighbourhood. It was heaven. Like the night before, the voices were loud. But they were also vibrant, enthusiastic and joyous in a way no Bourbon Street voices could be. I rose, looking forward to celebrating another day of Mardi Gras from a wooden porch on the river-bend.

Even late at night, when its inhabitants had gone to bed, there was the city of New Orleans itself to listen to - from the porch I could hear the noise of locomotives from the elements.

Human beings, too, are subject to such things. Holiday-makers may rush energetically around steamy New Orleans. Locals do not. They slowed down long ago, became philosophical, learned to enjoy talking, eating, drinking, and the simple, sybaritic pleasures of taking it easy. It is what this city is all about.

I gave the idle life a try myself and liked it. Lounging about, I got to know Emile Hutcherson, the man next door - a retired black policeman who has seen it all, he will tell tails from dawn to dusk if you let him. I met Shirley, who lives down the street with eight cats, and in the evening likes to walk them on a leash. I chatted long with the post-lady, the most congenial, if not the fastest, mail deliverer I have met.

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I gave the idle life a try myself and liked it. Lounging about, I got to know Emile Hutcherson, the man next door - a retired black policeman who has seen it all, he will tell tails from dawn to dusk if you let him. I met Shirley, who lives down the street with eight cats, and in the evening likes to walk them on a leash. I chatted long with the post-lady, the most congenial, if not the fastest, mail deliverer I have met.

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## TRAVEL



**S**omewhere in the Malacca straits, Harry went to a watery grave. Hassan, a member of the crew, climbed the main mast to scan the waves. A boat was launched, zig-zagging hither and thither in a vain search.

A woman from New York, who had positioned herself near the bowsprit, thought she spotted something bobbing about on the port side, but it was white, not green.

Propriety suggested I should go into mourning. After all, wasn't it just the previous evening, in the bar, that Harry had clawed his way across my shoulders? And hadn't he demonstrated proper respect by avoiding the temptation to which he was prone, to take a lump out of my ear?

Sadly, Monty Python has done nothing for the dignity of departed parrots. And, the rescue attempt abandoned, passengers drifted back to the poolside.

It was left to the crew of Star Flyer to hang a little floral tribute over the door of the ship's library. "He'd tried it several times before

but we managed to rescue him," said one. "Whenever he caught sight of a bit of greenery ashore, he'd be off. Heaven knows why."

I am not addicted to cruising. It makes me restless. But one night, as we headed into the Andaman Sea, I had a glimpse of what it could be. In the three days since we left Singapore there had been little wind and the vessel had been driven by its motor.

The humid south-west monsoon was on its way out and the north-east monsoon, with drier winds, was settling in, but the changeover was not complete. Now, at last, it was blowing just hard enough to bother the sails.

Four stay sails had been hoisted - fore, main, mizzen and jigger. There were outer and inner jibs, two top sails and a gallant, like parchment against the stars. We were making no more than



Roger Bray at last learns to enjoy a cruise holiday as he sails the Andaman Sea

four or five knots but you could hear the ship creak and strain like a saddled thoroughbred anxious for the off.

I had taken *Lord Jim* to read. At first, it had seemed entirely inappropriate. The Patna, after all, whose

strange fate shaped Jim's destiny, was a steam ship. That night, however, all those of us who lingered on deck could fancy ourselves adventurers from distant, oriental ports. It was the first time Star Flyer had cruised in Asiatic waters.

wharf, where forklift trucks loaded ships from Panama and Sri Lanka.

She is a handsome vessel, a four-masted, square-rigged barquentine, inspired by the clipper ships which dominated sealing trade until their speed was belittled by the coming of steam and the opening of the Suez canal.

Mikael Kraft, her Swedish owner and designer, decided that to compromise her elegant lines with a satellite TV dish would be too great a price for cabin entertainment. So passengers must make do with shipboard transmissions of video movies and a Teletext news service. Just as well, and not just for aesthetic reasons.

The cabins are comfortably appointed and fairly spacious, but who wants to be watching television when they can be out on deck, propping the bar, listening to the Hungarian cocktail pianist do his Scotti Garner impression, or taking part in group games?

Games? Well, you may wince, but even scimitars fell in with the rowdy spirit of quiz night, when correct answers won shots of vodka and champagne. You could learn to scuba dive in a tiny pool, completing a course by the end of the cruise, and there was aerobics on deck in the morning, for a handful of passengers desperate to counter the effects of sloth.

Generally, shipboard life is informal, unstructured, and infused with a subtle flavour of anarchy by the presence of crew from 26 countries, among them a Croatian wine waiter and Russian riggers. Not that Captain Jurgen Mullen-Cyran, 28 years in the German navy, would countenance anarchy when it comes to safety drills. He is a precise, measured man,

with immense experience.

Twice, during my brief spell on board, he gave talks on the history of sailing - in English; the crew, in German. He also conducted a bilingual briefing session for passengers, the morning talk inviting questions from an audience.

What about pirates, one traveller wanted to know? The Captain reassured him. But only the previous week a gas oil tanker was reported to have been hijacked off the Singapore coast. Piracy was a romantic word, he told me when I pressed him afterwards. Marauders' descendants were mostly after valuable cargo - not passengers.

Star Flyer did not even carry arms. In any case, the ship had an instant link with a Malaysian police piracy control centre. No need to carry a knife around between your teeth, then. All the same, you might have felt happier if Harry had stuck to his perch. He would have been extra insurance.

Like the geese who saved Roma, he might have squawked a timely warning.

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## TRAVEL

Spires and Spirits

# A thousand merry voices singing

Adrian Gardiner starts a new, occasional series on Britain's cathedral cities with a visit to Gloucester

If you suffer from vertigo, don't do this. Along the roof of the nave, through the belfry, and 269 steps towards Heaven, we emerge on top of the tower of Gloucester cathedral. Far below the historic city is framed by England's patchwork fields. The silver ribbon of the river Severn snakes its way to the Bristol Channel. Beyond it we can see the Forest of Dean and the mountains of Wales. Well worth the climb.

Henry VIII, better known for vandalising cathedrals than for creating them, came to Gloucester in 1535 and upgraded St Peter's, an 11th-century Norman abbey built

in the perpendicular style. Its walls have witnessed some of history's most turbulent chapters.

Henry III was crowned there, Edward II was buried there, following his incarceration and brutal murder at nearby Berkeley Castle. The nursery rhyme about Dr Foster is said to be based on his father, Edward I. And after the Restoration Charles II, in fit of revenge, demolished most of the Roman city walls.

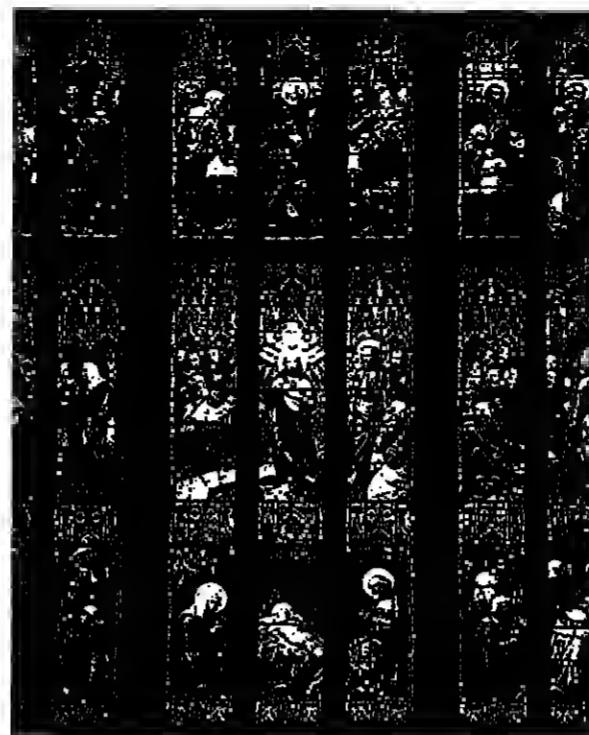
The Romans, around AD100, recognised the strategic importance of the site where Gloucester now stands. It commands the lowest crossing point of the Severn. Later Saxons took

control and Asthefleda, daughter of Alfred the Great, fortified her capital and laid out the street plan still in evidence today - a cross of four streets or gates named from the principal compass points. Even without the massive cathedral tower as a reference point, it is hard to get lost in Gloucester.

Gloucester is a compact city: the numerous tourist attractions are all within walking distance. Some thoughtful tourist board executive has put plaques on the important buildings, giving you their history in a nutshell. There are some delightful pubs and restaurants: the Fountain (William of Orange associations) and

The New Inn. It was new in 1455 and offering hospitality to pilgrims visiting Edward II's tomb.

Prosperity arrived in 1827 when the Gloucester and Berkeley canal opened. Like the cathedral, it took 33 years to construct. Great three-masted ships sailed into the city centre with luxuries from the Americas and the Orient. The canal entrepreneurs of the 18th and 19th centuries were probably the most successful investors of all time. Canals were never cheap to build - an average cost of £3,323 per mile for the first 2,000 miles in Britain. By 1850, speculators were receiving an annual average dividend of



Stained glass in Gloucester Cathedral

Paul Farmer/Impact

48 per cent. And to put that in perspective, in the 11th and 12th centuries, a staggering two-thirds of GNP was spent building cathedrals.

Gloucester Docks and its

## Information

Gloucester Cathedral is open every day all year. Guided tours are available but access to the tower is restricted at times check with the Chapter Office, 17 College Green, Gloucester GL1 2LR (01452 528095).

Gloucester Docks: National Waterways Museum (01452 318054) and Museum of Advertising and Packaging (01452 302300).

Gloucester Tourist Information: The Cross, Gloucester (01452 421189). I stayed in nearby Cheltenham at the charming Hester House Hotel (01242 578450; fax 01242 302300).

they acquired a new role. Half-a-dozen museums and heritage centres now occupy the warehouses.

The National Waterways Museum has the complete history of canals and the navvies who built them. The exhibition extends beyond Llanthony warehouse into the adjoining dock. It is all very hands-on and, eventually, having built a few miles of canal on a computer simu-

lation, I had to tear myself away to see another equally fascinating part of the docks.

The Robert Opie collection, also known as the Museum of Advertising and Packaging, spans about 70 years. The nostalgia trip includes those Strand cigarettes you were "never alone with"; oval tin of Colman's mustard decorated with the Union Jack; packets of Oxo-dol and Sunlight soap ("Less Labour, Greater Comfort" might be resurrected one day by Conservative party spin doctors); and a fine collection of wartime propaganda posters: "Careless Talk Costs Lives... Hitler will send no warning, so always carry your gas mask."

Gloucester has numerous film and literary connections. *The Onedin Line* was partly shot in the docks and Joanne Trollope's *The Choir* in the cathedral. W E Henley, inspiration for Stevenson's character Long John Silver, lived on Eastgate. On Westgate was the shop of the tailor immortalised by Beatrix Potter in *The Tailor of Gloucester*: "From all the roofs and gables and old wooden houses in Gloucester came a thousand merry voices singing..."

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## FOOD AND DRINK

# A secret that the Swiss want to share

Growers are keen to export their wines, says Jancis Robinson

**D**aniel Schwarzenbach is a young New Zealand wine-maker. Although he was born in Switzerland, his family emigrated to New Zealand when he was nine and his taste in wine has been formed by that country's bold, almost strident, wine styles, some of the most obviously acidic in the world.

His most recent assignment has been to cross hemispheres. Last year he was working at the excellent Fromm winery in New Zealand's South Island. This year he is working at the owner Georg Fromm's original base, the Fromm family wine estate at Malans in eastern Switzerland.

Pity, therefore, the taste buds of this trained oenologist. His palate must be in turmoil. It would be difficult to imagine two less similar styles than the typical Swiss and the typical New Zealand wine.

Oak, a beloved prop in New Zealand wineries, is virtually taboo in Switzerland. And whereas New Zealanders treasure crisp, fruity acidity, even in red wines, Swiss wine drinkers abhor acid. They like their wines to be mellow, soft, gentle.

Swiss winemakers routinely follow the alcoholic fermentation with a second, softening process called mal-

**Where to buy it**

- Fromm's La Strada Pinot Noir Reserve 1994, made in New Zealand, was outstanding and is now unobtainable, although Lay & Wheeler in Colchester lists some of the regular bottlings.
- Swiss wines are imported by Harrison Vintners of London ECT and by Selfridges. Limited quantities of Rouvines' fine wines are available from Tony Goodison on 01494-559400.
- Further inquiries to Swiss Wine Exporters Association in Lausanne, fax (41) 21 312 7483.

oactic fermentation which converts harsh malic acid into soft lactic acid.

This leaves Swiss wines with some of the lowest acidities in Europe. In fact, in the 1980s a German importer returned a large consignment of Swiss wine because it was so low in acid.

I pondered all this on a recent visit to Switzerland to meet some members of the newly active Swiss Wine Exporters Association. Wine exports will never make a big contribution to Switzerland's balance of payments, but Swiss wine growers, who have to a large extent been subsidised at the expense of property developers in a laudable effort to keep the

land of milk and money beautiful, are suddenly having to look for foreign markets.

For years they were protected by stiff tariffs and quotas on imported wines, but now that Switzerland is becoming less isolationist, these are steadily disappearing - with predictable results on the home market.

The Swiss - who drink more wine than head than anyone other than the French, Italians, Portuguese and Luxembourgers - are used to importing far more red wine than they could possibly produce, but quotas on imported white wine were removed in 1995 and last year imports of foreign

white wines more than doubled. The Swiss, it would seem, are delighted that they are at last able to get their hands on reasonably affordable non-Swiss whites.

**A**s might be expected of such a carefully protected market, supply and demand are way out of balance. The Swiss want to drink more wine than head than anyone other than the French, Italians, Portuguese and Luxembourgers - are used to importing far more red wine than they could possibly produce, but quotas on imported white wine were removed in 1995 and last year imports of foreign

wines they can sell most easily domestically are reds and their most interesting are whites, so the wines they want to export are their more ordinary whites. Yet

the world's wine importers are turning decisively towards reds from whites, and especially away from relatively low-acid, subtle whites with no oak ageing.

Then there is the question of price. Land and labour costs in the Swiss wine industry are among the world's highest. The scale is so small that yields are measured not, as elsewhere in Europe, in terms of hectolitres of must per hectare of vineyard, but in kilos of grapes per square metre.

The wines they can sell most easily domestically are reds and their most interesting are whites, so the wines they want to export are their more ordinary whites. Yet

they are cheap. Chasselas, the grape planted on 40 per cent of all Swiss vineyard, is what the Swiss Wine Exporters Association would most like to ship out of the country. At its most basic it is unexciting stuff. At its best it demands the sort of attention which, alas, few modern wine drinkers are prepared to invest in an unsmoked dry white wine.

When grown with the utmost care in perfect spots along the northern shore of Lake Geneva and on the higher terraces of the upper Rhône valley (where it is called Fendant), it can produce wines of great delicacy and even ageing potential - as Rouvines' Fendant de

Sierra 1995 and Bovard's 1990 Dôlealey Médipetta proved. But such wines are likely to sell for a sum much closer to £15 a bottle than £5, which will naturally limit demand.

More immediately appealing to non-Swiss palates are the exotic flavours of the Valais' wine specialities, especially the rich and broad

Amigne and the versatile Petite Arvine - and Humagne Rouge and Cornalin, except that they are red and, therefore, like the best of Elcino's Merlots and Valais' Syrah, find a ready market in Switzerland itself.

The would-be Swiss wine exporters I met were without exception charming individ-

uals, perhaps precisely because they are still innocents abroad. "Do you write only about Swiss wine?" one of them asked me.

The UK office of the SWEA is offering several on-operatively priced introductory mixed cases, of which the two at £49.99 for six assorted bottles look the best value to me. Details of 0171-287 6117.

For the moment, however, the chief beneficiaries of the Swiss desire to export wine are likely to be the organisers of major international wine exhibitions, where over the next year or so the SWEA will be making sure that its eager presence is felt.

# A knack for the right culinary fashion track

Nicholas Lander meets a top US restaurateur

**L**ondon's reputation as an international restaurant destination has been underlined recently by the number of chefs flying in and out of the capital.

On the day American restaurateur Drew Niepoort arrived to supervise the opening of Nobu, his new restaurant in The Metropolitan Hotel, Hyde Park, Alan Ducasse, after cooking at Monte's, in Chelsea, where he is consulting chef, returned to his Michelin-starred restaurants in Paris and Monaco.

Niepoort is increasing the restaurants in his Myriad Restaurant Group to 11. They include Rubicon in San Francisco and several of Manhattan's most successful restaurants - Montrachet, the Tribeca Grill and Nobu.

Niepoort has just returned from Bali where he has been talking to Hyatt about improvements to its hotel restaurants. All this is a considerable achievement given that his first restaurant, Montrachet, only opened in 1985 when he was aged 22.

In spite of his success, Niepoort has managed to retain a sense of perspective not normally associated with Manhattan or today's frenetic restaurant industry. Over lunch he spoke enthusiastically about his next project, a restaurant in Minton's Playhouse, Harlem, which will be partly financed by musician Quincy Jones and film director Spike Lee.

Niepoort possessed a sensitive palate for emerging culinary flavours and fashions. In New York, Montrachet answered the call for top French cooking using American ingredients: Tribeca Grill confidently proclaimed state-of-the-art American cooking while, more recently, Layla brought modern Middle Eastern cooking to the fore. The neglected food of Spain, he feels, may be the subject

of another future venture. Only Nobu's modern Japanese cooking is replicated within the group. For those fortunate enough to book a table for dinner - it will open for lunch in London at the end of next month - the Omakase menu, which translates as "let the chef loose", offers seven stunning courses for £50. Monkfish liver pâté with sweet miso sauce and caviar; thin slices of turbot with a hot sauce of olive and sesame oils and the blue-fin tuna sashimi were exceptional.

**Each restaurant is separately financed from different investors, often as many as 24**

Niepoort's professional grounding was in the hard school of table waiting in Manhattan. He rose to become restaurant manager at Maxwell's Plum and then at Tavern on the Green, two of the city's busiest establishments. "When I was learning my trade," he explained, "I realised that nobody really took an interest in me. What I have tried to do since then is collect young, smart people and say to them if you want what I have - take it.

"Think and do like I do just do not look like I do," he added, alluding to the weight he has put on.

"The company has sales of more than \$30m and a staff of several hundred and is based on building up a core management, promoting from within and then taking people off to open a new restaurant. To open Nobu in London, I have brought over Nobu Matsuhisa, the head

chef, the top sushi chef, the hot food chef and our food purchaser."

To this philosophy Niepoort has added a distinctive opening strategy. "Wherever we open it is always the same. First you open for dinner six days a week and get the service right. Then you open for dinner on the seventh day and then, and only then, do you open for lunch. This way we can train the initial staff - dinner is usually more relaxed than lunch - and they can train the new staff."

Each restaurant is separately financed from different investors, often as many as 24

Niepoort explained his basic financial criteria. He aims for a food cost of between 28 per cent and 32 per cent of total running costs, a staff cost of no more than 40 per cent and an overall net profit of 10 per cent (London's restaurateurs aim for the same profit level but pay higher food costs and lower wage costs). "An inexpensive rent is crucial but so, too, is turning the tables and, most importantly, doing this politely. At Nobu we set limits of two or 2½ hours for dinner bookings."

Niepoort has formed definite ideas on how the east and west coasts of the US differ in their eating habits. "In New York, it is where you sit, in San Francisco it is what you eat. The customers are easier in San Francisco because the city is not overrun with celebrities and they will happily go up to Kubrick's second floor. But I could never get New Yorkers off the ground floor. They pull a face when you tell them their reservation is in the back room at Nobu and only cheer up when they see Liza Minnelli or Mel Gibson sitting there."

He added: "San Francisco has particular difficulties. The labour pool is much smaller so the hourly rates are higher, yet menu prices have to be lower because Californians are used to inexpensive food. I am not yet sure what London's peculiarities are but I fear it is a shortage of trained staff."

Having reached this size, Myriad is facing problems which may mean the installation of a stronger corporate structure. For the first



Drew Niepoort had a professional grounding in the hard school of table waiting

Kurt Haskins

## Appetisers Book prize withheld

**T**he 1996 André Simon award for wine book of the year was to be announced earlier this month but, unhappily, this year's crop of wine books did not yield anything worthy of the main award.

In an impassioned speech to an audience including many publishers and journalists, assessor Jasper Morris, a Master of Wine, urged broader coverage of the wine industry.

The shortlisted wine books were Jim Budd's *Appreciating Fine Wines* (Apple Press, £14.99, 180 pages), Rosemary George's *The Wines of New Zealand* (Faber, £20, 330 pages) and Jancis Robinson's pocket guide to *Wine Grapes* (Oxford University Press, £2.99, 240 pages).

The André Simon committee is looking forward to a better vintage next year.

Food book of the year fared better and the prize was shared between *Traditional Spanish Cooking* by Janet Mandel (Garnet Publishing, £14.95, 250 pages) and *The Melting Pot - Balkan Food and Cookery* by Maria Kanava-Johnson (Prospect Books, £18.50, 304 pages), from which Philippa Davenson gives a recipe on the opposite page.

*The True History of Chocolate* (Thames & Hudson, £16.95, 280 pages) received a special commendation.

Jill James

**■ Lay & Wheeler of Colchester (01206-764446) has reduced prices on some red bordeaux and Languedoc wines:**

**Château Bories-Azeau 1994 is an aromatic, racy red Corbières, absolutely typical of the higher vineyards of this southern appellation. At £5.80 a bottle, it can already be drunk with great pleasure.**

whereas another Corbières at the same price, Château Suzanne 1995, is ambitious enough to be kept until Christmas. It is worth stocking up on southern French 1995 reds as 1996 was a much more difficult vintage. Jancis Robinson

**■ If I could just have one chocolate treat for Easter I guess it would be Ackerman's eggs (from £12.95). Or maybe the Patisserie Truffles (£16.95 for 375g). Or the Champagne truffles (£16.95, 454g). Or...oh, well, you choose something from**



**The Chocolate Club, Unit 9, St Pancras Commercial Centre, 63 Pratt Street, London NW1 0BY. Tel: 0171-287 5357, fax: 0171-287 5357.**

**■ Other chocoholics find satisfaction at Rocco, London SW3 (0171-352 5867), where more than 20 chocolates and cakes are on sale as well as boxed eggs with truffles. You could also try The Chocolate Society's Shop, at 36 Elizabeth Street, SW1 (0171-259 9222).**

**One of the most expensive creations on sale in London this Easter is the 41st tall chocolate fantasy house that sits proudly in the window of Patisserie Valerie, in Regent Street, which tool patissier Igor Beksaev 15 hours to make. He is a reluctant seller even at the asking price of £650. Nicholas Lander**



## FOOD AND DRINK

## Cookery

# A traditional meat treat for Easter

**Philippa Davenport** experiments with different ways of cooking and serving lamb

**A**s Easter approaches my thoughts turn to Paasch lamb, whether salt marsh or mountain, whether pinkish, pink, and buttery-basted or so grown-up that it could be bogget.

The Christian custom of serving a whole lamb on Easter Sunday goes back to the days of the early church, when feasts called agapes connected with the Last Supper were held.

Suckling lamb, if you can get it in Britain, is astronomically expensive – and not high on flavour. A handsome joint, rather than a whole creature, will probably suit most families better.

Nothing beats saddle but you need a household of Victorian proportions to do it proper justice. Now that the average household has dropped to two, the most popular choice ought to be rack of lamb, that neat little hunk of meat consisting of six or seven best-end cutlets.

The skin should be stripped from the joint and the cutlet bones tidily cleaned. Be wary of butchers who trim the fat too zealously and thus deprive the meat of its protection against drying out during cooking.

I generally stuff rack of lamb with a few fine slivers of garlic, spikes of rosemary and snippets of salt anchovy fillet. Let it rest for a few hours so flavours are absorbed then paint the joint all over with olive oil, rub the fat with sea salt and pepper and roast in a hot oven – say 220°C (425°F) gas mark 7 – for 20–25 minutes.

Because of the Mediterranean accompaniments I tend to serve with it, I rate rack of lamb as a big summer treat. A Turkish-inspired purée of aubergines, rather than potatoes, and baked red peppers stuffed with cherry tomatoes go well. Also excellent is aubergine diced and sautéed, tossed with strips of seeded and sautéed tomato, black olives, coriander seed and fresh torn basil. That said, there is no reason, of course, why rack of lamb should not be served at this season, partnered by such vegetables as braised leeks and fennel.

For families and for friends, a pair of best-ends can be fashioned into a guard of honour or crown

roast. In theory these are just as delicious as a single rack, of course, but I am afraid I find such presentations a distraction from the business of good eating. Give me a good honest leg of lamb instead.

I still love garlic-studded gigot above all other roasts and regularly celebrate an Anglo-French alliance at my table by serving it in tandem with ever-so British roast parsnips and redcurrant jelly lightly laced with zest of orange and mint.

In the last year or two I have gone back to some of the lamb recipes I most enjoyed in the 1970s and early 1980s, in particular boiled or poached lamb, which can be a real treat if the meat is of good provenance.

The earthy taste of barley, traditionally used in Scottish broths and stews, goes particularly well with lamb and makes a fine foil for the lively bite of capers and herbs. This dish reheats well.

850g–950g blade-end half shoulder of lamb; 75g–100g pearl barley; 7 leeks not shorter than a 50p piece; 3 carrots; 1 celery stalk; 2 tablespoons capers; a small bunch each of flat leaf parsley and coriander; a small bay leaf; a couple of sprigs of lemon thyme (or common thyme plus a thinly pared curl of lemon peel).

Soak the barley in about 300ml cold water for several hours or overnight.

Skin the lamb and trim away excess fat. Trim the leeks, peel the carrots and de-stem the celery. Choose a flameproof casserole into which the lamb will fit snugly with just enough room to tuck a few vegetables round it.

Measure 750ml water into the casserole and bring to the boil. Add the lamb and bring back to the boil. Skin and reduce heat to minimal. Add one whole leek, one carrot, the celery stalk, a bouquet consisting of parsley stalks, bay leaf and lemon thyme, plus a good seasoning of black pepper and ½ teaspoon sea salt. Cover and poach very gently indeed (barely a bubble should burst to the surface) for 60–70 minutes, turning the meat once or twice if the liquid does not cover it completely.

Discard the by-now limp and tasteless celery, leek and carrot, squeezing them so that their juices drip back into the pot. Add the rinsed

coriander and capers and

and drained barley, pushing it into the gaps round the lamb. Season with salt, bring back to simmering point, cover and poach for 10 minutes.

Add the remaining leeks, cut into chunks and simmer for 10 minutes more before adding the rest of the carrots, sliced into thick rounds. Cover again and continue simmering for a further, say, 8 minutes until both grain and vegetables are done to your liking.

Take the joint from the pot and let it rest for a couple of minutes before lifting the meat from the bone and cutting it into chunks. While the lamb rests, chop a generous 2 tablespoons each parley, coriander and capers;



stir the aromatic greenery into the barley and vegetable thickened broth and leave to infuse over switched off heat.

Stir the chunks of lamb into the pot, reheat gently and check seasoning before serving.

**ALBANIAN LAMB AND YOGHURT CASSEROLE** (serves 4)

This national dish of Albania, exquisitely pure and simple, is a lovely antidote to more complex and sophisticated recipes. It comes from *The Melting Pot: Balkan food and cookery* by Maria Kanaeva-Johnson (Prospect Books £19.50), deservedly shortlisted for this year's André Simon Awards.

For the custard sauce: 2 eggs; 2 tablespoons flour;

I like this dish so much that I keep coming back to it. Once, for the sake of convenience I tried cooking it in two stages: poaching the meat ahead and baking it in the yoghurt custard later.

Sadly some of its delicious delicacy was lost in the process. I have stuck rigidly to Kanaeva-Johnson's instructions ever since – the fresher the better.

800g blade-end half shoulder of lamb (knuckle-end will give you less meat, trimmed of excess fat); 1 carrot and 1 small parsnip, both peeled and halved; ¼ celery, peeled; 1 teaspoon black peppercorns; ¼ teaspoon salt.

For the custard sauce: 2 eggs; 2 tablespoons flour;

bones and cut the meat into walnut-sized pieces. Reserve the broth and divide the meat equally between four oven-proof bowls.

To make the custard sauce, strain the broth, discarding the vegetables and peppercorns; leave until lukewarm. Beat the eggs in a bowl, then add the rest of the sauce ingredients in sequence, beating after each addition.

Pour the sauce over the meat in the bowls, and bake in an oven at 180°C (350°F) gas mark 4 for 20 minutes or until the custard sets lightly. Avoid longer cooking which will make the custard too firm. Either bring the bowls themselves to table or turn the contents on to hot plates.

Lift the lamb out, remove

## Dublin retains its allure

**Giles MacDonogh** is happy to find that the Irish capital has lost none of its old charm

**D**ublin is booming. After years of living in an endlessly shabby gentility a largely young population is enjoying the fruits of economic take-off. The regeneration of Temple Bar in the centre is a powerful symbol of the city's rebirth: it is Paris's les Halles, Berlin's Scheunenviertel, London's Covent Garden and Clerkenwell, all rolled into one.

Hotels have been slow to muscle in on the new boom, but they are catching up. After the demolition of the much loved old Hibernian, Dublin hotel life focused on the Shelburne on St Stephen's Green. There was the Horseshoe Bar, where Dublin society gathered on a Friday night before setting off to trawl through the city's restaurants and Leeson Street night clubs. Forte have added a new-wave "Mediterranean" restaurant on Kildare Street and opened a new bar next door, but no one has so far dared to lay a finger on the Horseshoe.

The Shelburne's main rival was and is the Berkeley Court in Ballsbridge. Where the Shelburne has the advantage of being a Victorian palace hotel, the Berkeley Court suffers from its unaesthetic 1970s profile. Once you are inside the

plush lobby things begin to look up and you realise why so many Irish people as well as most foreign diplomats and heads of state prefer to stop at the Berkeley Court. In December, the Doyle Group appointed Tom O'Connell, previously of the Ritz, in London, to manage the Berkeley Court. Over the next few months we should see a radical overhaul, not least in the kitchens.

I stayed in the Penthouse, the hotel's top suite. After two days I still had trouble finding my way about as I padded from my two bedrooms and marble bathrooms to my drawing room (with grand piano), dining room, kitchen and study. All of them, to be sure, decked out with every imaginable luxury and warmed by peat fires.

The need to regenerate the Berkeley Court has been brought on by the refurbishment of the Clarence and the building of the Merrion Hotel. The Clarence is down on the Liffey in Temple Bar, an ideal position to exploit the new Dublin "scene".

The old building used to be a favourite haunt of provincial cattle dealers and priests. The new conception could not be more different: the rooms are now Conran, with reinterpreted arts and crafts details which may not stand the test of time.

At Guilbaud's – Dublins restaurant (a name still resolute of provincial priests) Michael Martin has created a menu which reflects his London training. There are obvious touches of Nico Ladenis and

Pierre Koffmann, the two three-star chefs he has worked under. In general I enjoyed my meal of fried foie gras with mangoes, and baked with basil-infused mashed potatoes. Only the Irish cheeses were disappointing, which is not the fault of the Clarence.

The Clarence may well be trumped by the Merrion at Guilbaud's

I ate a millefeuille of rabbit and aubergine and parmesan cheese

when it opens in July. Four Georgian houses opposite the seat of government in Upper Merrion Street are being turned into a top hotel which will have an obvious appeal to those who need to put their fingers on the sources of power. The Merrion has also lured in Patrick Guilbaud, the city's top-rated chef, who will desert his current Bagot Street restaurant as soon as the new building is ready.

At Guilbaud's – Dublins restaurant (a name still resolute of provincial priests) Michael Martin has created a menu which reflects his London training. There are obvious touches of Nico Ladenis and

market; and veal sweetbreads coated in truffles: all perfectly executed and served, yet showing a slight reticence towards strong flavours. Disappointing, once again, were the Irish cheeses (the French vacherin Mont d'Or was a dream). It is hard to avoid the conclusion that pasteurisation and over-production have between them seriously damaged what was one of Ireland's chief gastronomic claims to fame.

Temple Bar is now the bane to a profusion of mostly cheap, lively restaurants (the best would be the Tea Room at the Clarence). I ate at Fitzers Cafe, one of several restaurants of that name in Dublin, where the food is given individual flourishes by the chefs, rather than forcing them to work to a set policy.

Temple Bar's Fitzers was no match for the last one I visited in the old Royal Dublin Society Building in Ballsbridge, when Eamon O'Caithain was cooking there. The calamari had been ignited with chillies and the duck breast with char-grilled vegetables duly concealed. Still the wine list was well chosen and it was cheap. This seems to be frequently the case in Dublin. Duty on wine is high, but restaurant mark-ups are low, which means the price of a bottle in restaurants – even at the posh Clarence – is well below London.

Dublin's revival has even begun to affect some of its most fiercely traditional institutions. The vast Bewleys Cafe in Grafton Street

used to be a famously broad church institution where everyone from tramps to students and teetotal country women repaired to pile their trays with strong tea, coffee and old-fashioned buns or barnbrack. Unlicensed, it was the antithesis of the admittedly seedy Dublin pub.

Now this is to change. After a seven-month refit Bewleys is to reopen with a licence and a broader menu. Possibly even better news is that waitresses in starched pinnies are to replace the controversial self-service regimen introduced when Bewleys fell on hard times in 1980s. The changes will doubtless scare off some of Bewleys' poorer customers, but the management argues that they cannot afford to continue as they are.

For anyone who has not visited Dublin for a few years, changes of this sort will come as a considerable surprise. An injection of capital into the city has brought the old place back to life. And so far, at least, Dublin has lost none of its old allure.

■ Information: Shelburne Hotel 00-35-31-676-6471; The Berkeley Court Hotel (660-1711) is currently offering special deals for the Penthouse £1550 per person (minimum four); call it "Giblets" – I ate a millefeuille of rabbit and aubergine and parmesan cheese. Dublin Bay prawns in filo pastry with a mango remoulade (clearly there are plenty of mangoes in the

Australian savoir faire. Californian je ne sais quoi. The perfect French Chardonnay

To a Frenchman, France is the school and university of wine, but to James Herrick it was only the nursery. He learned the new technology of cold fermentation in Australia and new methods of viticulture in California. So when, 20 years on, he returned to plant his own vineyards in Languedoc, he could combine the best of both worlds – old and new – to produce exceptional Chardonnay.

Fresh and spicy, full of tropical fruit flavours, but with the refinement and long finish of a French classic. *Parfait.*

**James Herrick CHARDONNAY**

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## MOTORING

Buying a Rolls-Royce

# The sensible way to own a piece of British history

Steve Cropley finds that second-hand models have a great deal to offer

**E**very week, about 20 Rolls-Royce and Bentley saloons change hands in the UK. About a third of them are new, driven gleaming from the plush showrooms of Britain's 35 Rolls-Royce dealerships by new owners with pots of disposable cash and a deep desire to own the best cars in the world.

The remaining two-thirds are second-hand. They are highly polished, too, but the bigger gleam is likely to be in the eye of their canny buyers. This is because, in the past couple of years, Rolls-Royce and Bentley saloons of a certain age have become surprisingly sensible, practical buys, even against top-end executive cars from Mercedes-Benz, Jaguar, BMW and Lexus.

It was not always so. The company, based in Crewe, Cheshire, hit dangerous waters

30 years ago and has taken its time to recover. The trouble began when it launched its first truly post-war car, the Rolls-Royce Silver Shadow, in 1965. Demand soared and production responded. It soon became apparent, however, that the buyers had changed character.

Traditionalists, of the type inclined to buy a new Rolls every August, were giving way to millionaire pop music stars and footballers with an instinct for "lowering the tone". The old exclusiveness of the marque was tarnished and prices for used cars tumbled as the market struggled to absorb all the "seven-day wonder" Shadows sold by the new breed of owners.

Since then, Rolls-Royce Motor Cars has had to survive near-bankruptcy. There were two Arab oil embargoes in the 1970s and two recessions in the 1980s, both of which had a

drastic effect on sales. Profitability plunged and the situation became serious enough for the company's parent, Vickers, to contemplate selling out to Mercedes or Toyota.

Today, though, Rolls-Royce glows with health. One of the main factors in this recovery is the crucial technical link with BMW which will, in two years' time, help it to launch the first all-new Rolls saloon since Silver Shadow. There has been major re-organisation of factory and workforce. But what counts most to customers is a series of improvements to the cars themselves, which had seemed to be sliding into senility.

Handling, reliability and equipment have been improved. The Bentley has been re-established decisively as the performance option of the pair. And the reputation of the Rolls-Royce for classical luxury

has been rebuilt. The upshot is that a Rolls-Royce or Bentley of five to eight years old is as reliable, as imposing, as slow to depreciate and as well backed by a warranty as the best of its rivals. And more and more owners are recognising it.

Nigel Winchester, managing director of his family's furniture business in the Cotswolds, west of London, has been buying second-hand Rolls-Royces since the beginning of the 1980s. Now in his late 50s, he insists he would not contemplate a change.

"I'm on my sixth used Rolls," he says. "I used to buy BMWs and Mercedes, but there's something special about the way you sit up in a Rolls. The way it cossets you makes the German cars seem very austere by comparison."

Plenty of my business rivals pay much more for their top-end German cars than I do - because



How a Rolls-Royce holds value: this 1976 Camargue was estimated at £220,000-£250,000 in a recent London auction

they buy them new - and I don't believe they save anything on running costs."

According to used vehicle values published in the car trade guide, *The Book*, the prime Rolls-Royce or Bentley is three to five years old, new enough to have benefited from the recent performance and durability changes, but old enough to be valued well below its new price.

A 1982 K-registration Rolls-Royce Silver Spirit, with 40,000 miles on the clock and which cost a shade under

£100,000 new, would cost around £45,000 now from an accredited Rolls dealer. *The Book*'s experts estimate that an owner who kept the car five years, then disposed of it in a private sale, should realise around £25,000.

"I find most people are interested in my car, not resentful of it. As a matter of fact, I really enjoy the non-aggressive nature of the Rolls, which means you're not inclined to compete with other traffic. My Silver Spirit gets me where I want to go, and fast. But it never races anyone."

Many outsiders claim you have

to be a snob to buy a

Rolls-Royce, but Winchester denies that: "If you are a snob," he says, "selling your Rolls won't save you. If you're not a snob, people will know it."

"I find most people are interested in my car, not resentful of it. As a matter of fact, I really enjoy the non-aggressive nature of the Rolls, which means you're not inclined to compete with other traffic. My Silver Spirit gets me where I want to go, and fast. But it never races anyone."

## Road Test

## Put this Galant high on your list

For comfort and reliability, you will go a long way to find a better car, writes Stuart Marshall

If you want comfort, reliability and prestige in an executive class car, there is really no alternative at present to an Audi, BMW, Jaguar or Mercedes-Benz, although the Lexus is pushing hard to get in the frame. But if comfort and reliability are sufficient, the choice widens considerably.

At the top of the shopping list for many a user-chooser who is not too conscious of status - even more so a private buyer's - should be one of the latest Mitsubishi Galant saloons or estates, which reach British showrooms on April 2.

List prices are keen, ranging from £16,395 for a two-litre, four-cylinder manual saloon to £23,725 for a 2.5-litre, V6 automatic estate car with air conditioning, power-adjusted front seats and leather trim.

The new cars make up the eighth generation of Galants in just over 20 years. Although they cost about the same as the cars they have replaced, their equipment is better. They have more safety and security measures, and lower insurance group ratings.

What has not changed is the three-year, unlimited mileage warranty, pioneered by Mitsubishi and still one of the best of offer. A three-year European recovery service is thrown in, too.

Although user-choosers naturally expect their cars to be 100 per cent reliable, at least they know they will not have to pay the cost of the repairs out of their own pockets if there is a breakdown after a couple of years. So, the finding of the latest Lex Survey of Motoring - that Mitsubishi cars are the most reliable in Britain - might be of less importance to user-choosers than to those who buy and run cars with their own money.

Remarkably, the independent survey, which is based on the experience Lex Vehicle Leasing had with 70,000 cars, found Mitsubishi products to be almost twice as reliable as the prestigious German makers.

The Mitsubishi breakdown rate was 4.23 per cent compared with 7.11 per cent

even with tall people in the front seats.

The engine, spirited when accelerating, was silent on the motorway and "smooth" at all times. Clever electronics controlling the automatic transmission detected and remembered my driving style and fixed the change up points accordingly.

I would not rate the Galant V6 as exciting. But then, I have little time for people who think driving on the public highway is a sporting challenge.

My role model is the Bentley chauffeur hurrying a VIP to Heathrow airport to catch Concorde. He dare not be late but is well aware that any disturbance will incur the great man's displeasure. In this mode, the Galant was pure pleasure.

On coarse-surfaced country roads and some stretches of motorway, the 60-series Bridgestone low-profile tyres could be heard rumbling. I put this down partly to the lack of mechanical and wind noise. In heavy rain, the rumbling was less obvious and their formidable wet grip much appreciated.

Multi-link suspension with a degree of passive rear-wheel steering has been featured on past Mitsubishi Galants. On this latest model, improved suspension mounting help keep the wheels more nearly vertical when cornering. The tyres tread stay square to the road and handling is always well balanced and secure.

The boot is huge and can be extended, estate car-style, by lowering the 60/40 split rear seat.

Standard equipment throughout the Galant range includes twin airbags (with extra side-impact airbags on the V6), anti-lock brakes, headlamps, washers and heated, power-adjusted door mirrors.

A V6 automatic Galant could return up to 31mpg (9.1 l/100km); a manual two-litre model 34mpg (8.3 l/100km). The tank holds 14.1 gallons (64 litres). Both tank filler flap and boot lid are released from the driving seat. Will every other manufacturer please follow?

Mitsubishi's three-year, unlimited mileage warranties are still among the best on offer



History in the making... Jean Bugatti and father Ettore with the firm's legendary Royale. One was auctioned for a record \$8.8m in 1987

## Classic and Collectors' Cars

## Buyers return as the bruises fade

John Griffiths spots signs of recovery from the great prices crash

In the past few years, the total number of sales devoted to the classic and collector car market in the UK - which is, like motor sport, the world hub of the business - has averaged a dozen, spread mainly between the Brooks, Christie's, Sotheby's and Coys houses. This year, at least 40 are scheduled.

This upsurge is reflected both in the proliferation of auctions and the re-entry to the market of wealthy Japanese and others in the booming Asia-Pacific region, buying privately through a well-developed international grapevine.

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Continental Europe, a laggard in the classic car business - only one auction

house, the Paris-based Poulin, has a dedicated cars section - is the focus of increased activity. A couple of years ago, barely half a dozen auctions were staged, with Brooks alone holding six.

The sale at Monaco in the first weekend of May will be one of the biggest of recent years and will form part of the principally 70th anniversary celebrations. The price that could be fetched by one of its star attractions, Ferrari's late-1950s 250GT "Tour de France" racer, already is the subject of much speculation.

Indeed, Europe's unsuppressed market potential is regarded as so large that Brooks has set up a subsidiary in Geneva. Brooks Europe, to exploit it. The new business is headed by managing director Simon Kidston who is a nephew of Glen Kidston, one of motor racing's legend-

ary "Bentley Boys" of the 1920s. He used to be with Coys and organised that company's own major continental auction, held at Germany's Nürburgring.

Another indicator of reviving interest across the world is the deal (via private treaty) by which Japanese entrepreneur Yoshiyuki Hayashi re-purchased several of the 1930s Alfa Romeo P3 grand prix racing cars he owned until the early 1990s. He is said to have paid more than \$1m each.

Brooks points out, however, that prices in most cases remain well below the lofty heights of the late 1980s. And he believes that increases are likely to be progressive, not explosive. "The activity is back - sales volumes are almost the same as in 1988-90 - but in most cases not the prices," he says.

Yes, there is upward movement, and that is good

for the market and good for us. But I haven't changed my mind that, this time round, there will be no bubble.

People do have shortish memories when times come good again. But the falls we witnessed in the crash, for a market that basically has been in existence only since the 1970s, were so dramatic that they will not easily be forgotten.

The crash saw one D-Type Jaguar racing car, which fetched £1.2m in October 1989, re-sold in 1993 for £400,000. Today, its value has recovered, but only to an estimated £500,000.

"Ordinary" Ferraris, with no special history, fell from £200,000-£220,000 to as low as £35,000-£40,000 and, according to the auction houses, have recovered to only around £50,000.

But cars such as the

shah's Lamborghini show that high prices can be made where the vehicle concerned has special qualities such as colourful history, rarity or originality.

In most cases though, and viewed from the 1989 market peak, the lesson is clear: "investment" now is just about the last word to describe buying into the collectors' car market, even for those purchasing in its trough. But that, says Brooks, is really how it should be.

He notes that while the market might be big - worth an estimated £55m, with 7,000 cars auctioned each year in the UK alone - it is not suited to speculators. "Apart from anything else," he adds, "there is a cost to owning and maintaining such cars which can itself be very expensive. They are not like share certificates which you just lock away in a safe."

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## INTERNATIONAL ARTS GUIDE

**What's on in the principal cities****■ AMSTERDAM**

**AUCTION**  
Sotheby's Amsterdam  
Tel: 31-20-5502200

● Important Clocks & Watches: sale of timepieces, including gilt bronze French clocks from the 18th and 19th centuries and rare watches from producers such as Rolex, Omega and Hamilton; Mar 26.

**CONCERT**  
Concertgebouw  
Tel: 31-20-6718345

● Johanneshoppen: by Bach. Conducted by Hartmut Haenchen and performed by the Nederlands Kamermuziek and Jenaser Madrigalikreis. Soloists include Jufana Banse, Katarina Kaméus, Anthony Rolfe Johnson, Johannes Manakov and Nathan Berg; Mar 26.

**EXHIBITION**  
De Nieuwe Kerk  
Tel: 31-20-5268168

● Catherine, the Empress and the Arts: exhibition featuring 19 old master paintings from the collection of the Russian Tsarina Catherine the Great (1729-1796), including works by Titian, Bordone, Rubens, Hals, Jordaan and Rembrandt. Displayed alongside these paintings are other art objects and personal belongings of the Czarina; to Apr 13.

**■ ANTWERP**

**CONCERT**  
deSingel Tel: 32-3-248300  
● Mass in B Minor: by Bach. Conducted by Sigiswald Kuijken, performed by the Orchestra and Choir of La Petite Bande. Soloists include soprano's Greta De Keyser and Marijke Van Arhem, alto James Bowman, tenor Jean-Paul Foucheur and bass Geert Smits; Mar 24.

**OPERA**  
De Vlaamse Opera  
Tel: 32-3-2336808

● Tannhäuser: by Wagner. Conducted by Stefan Soltesz, performed by the Vlaamse Opera. Soloists include Gary Lakes, Nina Stemme, Yvonne Naef and Jorma Hynninen; Mar 25, 26.

**■ BERLIN**

**CONCERT**  
Konzerthaus Berlin  
Tel: 49-30-203090  
● Johanneshoppen: by Bach. Conducted by Philippe Herreweghe, performed by the Akademie für Alte Musik Berlin and the RIAS-Kammerchor. Soloists include soprano Sibylla Rubens, alto Ingeborg Danz, tenor Christoph Prégardien and bass Franz-Josef Selig; Mar 26.

● Daniel Barenboim and Itzhak Perlman: the pianist and violinist perform works by Schubert, Weber and Stravinsky. Part of the Festspiele 1997; Mar 25.

● Radu Lupu: the pianist performs works by Schubert. Part of the Festspiele 1997; Mar 27.

**OPERA**  
Deutsche Oper Berlin  
Tel: 49-30-3438401

● Der Fliegende Holländer: by Wagner. Conducted by Rafael Frühbeck de Burgos, performed by the Deutsche Oper Berlin. Soloists include Matti Salminen, Julia Varady, Jorma Sälvästni and Nadja Michael; Mar 27.

**■ BIRMINGHAM**

**CONCERT**  
Symphony Hall  
Tel: 44-121-2002000  
● Alfred Brendel: the pianist performs works by Busoni, Liszt, Schumann and Haydn; Mar 23.

**■ BONN**

**OPERA**  
Oper der Stadt Bonn  
Tel: 49-228-7281  
● Parsifal: by Wagner. Conducted by Jeffrey Tate, performed by the Orchester der Beethovenhalle Bonn and the Oper der Stadt Bonn. Soloists include Harry Peeters, Stephen Richardson and Franz-Josef Selig; Mar 23.

**■ BRISBANE**

**EXHIBITION**  
Queensland Art Gallery  
Tel: 61-7-3840-7333  
● Moët & Chandon Touring Exhibition 1997: display of paintings, prints, sculpture and photography by the finalists in this year's Moët & Chandon Australian Art Fellowship; to Mar 31.

**■ BUDAPEST**

**FESTIVAL**  
Budapest Spring Festival  
Tel: 36-1-179832  
● Budapest Tavasz Fesztivál: this year's festival includes performances by the Budapest Festival Orchestra conducted by Iván Fischer, the Szeged Contemporary Ballet, the Hungarian State Opera with baritone Mario di Marco and the Keller Quartet; to Mar 31.

**■ CHICAGO**

**EXHIBITION**  
Art Institute of Chicago  
Tel: 312-4433600  
● Charles Rennie Mackintosh: billed as the most comprehensive show of Mackintosh's work ever



In Paris is Gustave Courbet's 'Proudhon et sa famille' in 1853 as part of the Paris-Bruxelles/Brussels-Paris exhibition

mounted, this exhibition features more than 200 objects, including architectural drawings, room settings, furniture, decorative arts, mode and watercolours, from Mar 29 to Jun 22.

**■ CLEVELAND**

**EXHIBITION**  
Cleveland Museum of Art  
Tel: 1-216-421-7340  
● Bergberg in America: display drawn from 32 American collections and including more than 400 examples of pieces by Peter Carl Fabergé, court jeweller to the last two Russian Czars and best known for his gem-encrusted eggs; to May 11.

**■ COLOGNE**

**OPERA**  
Kölner Philharmonie  
Tel: 49-221-2040820  
● Parsifal: by Wagner. Conducted by James Conlon, performed by the Grünreich-Orchester, the Kölner Philharmoniker and the Operchor der Bühnen der Stadt Köln. Soloists include Stig Andersen, Renate Behel, Kurt Möll, Harry Peeters, Elke-Wilhelm Schulz and Zelot Edmund Toliver; Mar 26.

**■ DUBLIN**

**EXHIBITION**  
Irish Museum of Modern Art  
Tel: 353-1-6718666  
● Damien Hirst: the first showing in Ireland of 'Acquired Inability to Escape', a sculpture by the Turner Prize-winning British artist. The work forms part of the Weltkunst Collection of Recent British Art, on long-term loan to the museum; to Aug 30.

**■ DUSSELDORF**

**EXHIBITION**  
Kunsthalle Düsseldorf  
Tel: 49-211-8996240  
● Michael Wurbel - Der russische Symbolist: retrospective exhibition devoted to the work of the Russian Symbolist artist Michael Wurbel (1856-1910). The show features approximately 30 paintings, 150 works on paper and 20 ceramics from Russian collections; to Apr 13.

● Italian Glass: Murano - Milan 1930 - 1970: exhibition featuring approximately 270 glass works made in Murano and Milan, documenting the developments in Italian glass art in the years 1930-1970. The exhibition places special emphasis on the work of architect Carlo Scarpa from the 1930s and early 1940s and that of painter Fulvio Bianconi from the 1950s and 1960s; to May 4.

**■ EDINBURGH**

**EXHIBITION**  
National Gallery of Scotland  
Tel: 44-131-5568921  
● Cassiano dal Pozzo's Paper Museum: an exhibition of images from the Museo Cartaceo (Paper Museum), assembled in Rome by the collector and connoisseur Cassiano dal Pozzo (1588-1657); from Mar 27 to Jun 6.

**■ GENOA**

**OPERA**  
Teatro Carlo Felice  
Tel: 39-10-589329  
● La Cenerentola: by Rossini. Conducted by Gianluigi Gelmetti and performed by Teatro Carlo Felice. Soloists include Monica Bacelli, Bruno Praticò and Roberto Scalfuri; from Mar 25 to Apr 8.

**■ HAMBURG**

**EXHIBITION**  
Museum für Kunst und Gewerbe  
Tel: 49-40-24882732  
● Das Geheimnis der Mumien - Ewiges Leben am Nil: exhibition focusing on Egyptian mummies, their role and preparation and the ways in which they were a source of inspiration to Europeans from the 17th century onwards. The exhibition also shows how modern research techniques are used to look at the inside of a mummy without destroying the linen wrapping; to Apr 20.

**■ HELSINKI**

**EXHIBITION**  
Helsinki City Art Museum  
Tel: 358-9-1692380



● Frida Kahlo: the first showing of Kahlo's work in Finland, including 150 paintings and 20 drawings and graphic works; to Apr 23.

**■ HONG KONG**

**EXHIBITION**  
Concert Hall, City Hall  
Tel: 852-22921288  
● The 21st Hong Kong International Film Festival: this year's festival programme includes a tribute to Ishmael Bernal, a documentary strand and retrospective of Hong Kong cinema; from Mar 25 to Apr 9.

**■ HOUSTON**

**EXHIBITION**  
The Menil Collection  
Tel: 409-525-9400  
● Mark Rothko: The Chapel Commission: exhibition marking the 25th anniversary of the commissioning of the Rothko Chapel, a unique assignment that allowed the abstract artist to explore potential interactivity between painting, architecture and natural light; to Mar 30.

**■ LUXEMBOURG****EXHIBITION**

Musée National d'Histoire et d'Art Tel: 352-4793301  
● Cecil Beaton: Portraits d'un esthète Du Maréchal Dietrich à Mick Jagger: display of 160 original prints by the photographer who's portrait work was often occupied by fashion, style, beauty and glamour. Subjects include Marlene Dietrich and Greta Garbo; from Mar 27 to May 11.

**■ LEIPZIG**

**CONCERT**  
Gewandhaus zu Leipzig  
Tel: 49-341-12700  
● Johanneshoppen: by Bach. Conducted by Georg Christoph Biller, performed by the Gewandhausorchester and the Thomasschör. Soloists include Ruth Holton, Axel Köhler, John Mainsay, Hermann Christian Polster and Peter Harvey; Mar 26.

**■ LISBON****EXHIBITION**

Modern Art Centre  
Tel: 351-1-7935131

● Treasure Island: exhibition showcasing works of British art collected by the Caboosta Gulbenkian Foundation since the late 1950s. The display is split into two sections; the first covering the period from the late 1950s to mid-1960s, the second from the late 1960s to the present day.

Artists with work on show include Blake, Hockney, Hodgkin, Riley, Bacon, Cragg, Gormley, Hirst and Hume; to May 4.

**■ LONDON****CONCERT**

Barbican Hall  
Tel: 44-171-6384141

● London Symphony Orchestra: with conductor Piotr Ozawa, performs works by Schumann and Sibelius; Mar 24.

**■ LUGANO****EXHIBITION**

The Metropolitan Museum of Art  
Tel: 1-212-579-5500

● Giambattista Tiepolo: a monographic exhibition of about 70 paintings by the 18th century Venetian painter. The exhibition, celebrating the 300th anniversary of the artist's birth, covers the full extent of Tiepolo's career with an emphasis on his large-scale canvases; to Apr 27.

Whitney Museum of American Art Tel: 1-212-570-3600

● The 1997 Biennial Exhibition: the 1997 Biennial is the 69th in the series of Biennial exhibitions, first established by Museum founder Gertrude Vanderbilt Whitney in 1932. The Biennial is the Whitney's signature exhibition and focuses on the most important developments in recent American art; to Jun 22.

**■ NEW YORK****CONCERT**

Avery Fisher Hall  
Tel: 1-212-904-3030

● New York Philharmonic: with conductor Kurt Masur and pianist Evgeny Kissin performs works by Beethoven and Rimsky-Korsakov; Mar 27, 28, 29.

**■ PARIS****CONCERT**

La Sorbonne  
Tel: 33-1-42 62 71 71

● Miss Solemnis: by Liszt. Conducted by Jacques Grimaud, performed by the Orchestre et Chœur de l'Université de Paris-Sorbonne and the Grand Chœur de l'UFRA de Musique.

Soloists include soprano Anne-Marguerite Webster, mezzo-soprano Liliane Bizet-Bechere, tenor Guy Fletcher and baritone Johannes Schmidt; Mar 25, 26.

Musée d'Orsay  
Tel: 33-1-40 49 48 14

● Chillingham Quartet with pianist Jeremy Mennin performs works by D'Indy and Faure; Mar 27.

Salle Gaveau  
Tel: 33-1-49 53 05 07

● Maria Bayo: the soprano performs works by Schubert, Brahms, Mahler, Strauss and Lahar; Mar 28.

**■ VIENNA****OPERA**

Volkstheater Tel: 43-1-5232776

● Tristan und Isolde: by Wagner. Conducted by Herbert von Karajan and performed by the Volksoper Wien. Soloists include Fritz Hammel, Robert Haider-Rödl and Anna Franziska Smits; Mar 23.

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Wolf-Ferrari, Ravel, Toldra and Rodrigo; Mar 24

**EXHIBITION**

Galeries Nationales du Grand Palais Tel: 33-1-44 13 17 17

● Paris-Bruxelles/Brussels-Paris: exhibition focusing on the artistic relation and exchange between Belgium and France from 1848 to 1914. Attention is being paid to visual arts as well as decorative arts, architecture, literature and music, ranging from Realism to Impressionism to Symbolism and Art Nouveau; Mar 21 to Jul 14.

**■ PHILADELPHIA****EXHIBITION**

Philadelphia Museum of Art Tel: 1-215-763-8100

● John Sartain 1808-1897: Philadelphia Printmaker: exhibition examining the accomplishments of Sartain with a set of nine prints and drawings selected from the Museum's own collection; to Apr 20.

**■ PRAGUE****EXHIBITION**

Národní galerie v Praze - National Gallery of Prague Tel: 20-512-880-93 31

● Surrealist Imagery and Drawing 1930-1986: exhibition surveying the strong Czech history of Surrealism. The display traces the movement from its inception in the 1930s, life under communist rule (when the movement was forced underground) and its present day status. Artists with work on display include Effenberger, Novák, Teige and Medvíková; to Apr 13.

**■ LOS ANGELES****EXHIBITION**

Los Angeles County Museum of Art Tel: 1-213-857-6000

● Exiles and Emigrés: 1933-1945

# Weekend Investor

Wall Street

## Worrying times on the latest frontier

Lisa Bransten recognises ripples of unease among cyberspace's techno-rich

If murmurs in cyberspace are any indication, investors in technology shares are showing signs of worry.

"Is this the 'end of the bull market?' Is it the 'pause that refreshes?' Has it entered a 'trading range?'" asked one investor in a posting on an Internet bulletin board.

There is reason for concern. The technology-rich Nasdaq composite index is more than 9 per cent below the peak it hit in late January - a drop almost big enough to be considered a "correction" by market analysts.

And at least one prominent analyst has warned that the slip in the sector may be just the beginning of a true bear market.

Barton Biggs of Morgan Stanley, the US investment bank, writes that he sees a slowdown in the explosive growth of technology spending as corporate America takes some time to digest its investment in high-tech equipment.

"If demand had been growing at 25 per cent per year and prices have been falling 10 per cent, now demand may grow 10 per cent and prices may fall 15 per cent - not the end of the world, but capable of giving a severe stomach ache," he writes in a note to clients.

In the shorter term, the technology sector has fallen victim to fears of an interest rate increase that have gripped the broader market as well.

A majority of Wall Street economists now believe that the Federal Reserve will tighten monetary policy at Tuesday's meeting of its Open Market Committee.

Most analysts interpreted Fed chairman Alan Greenspan's repetition on Thursday that the central bank must act pre-emptively to prevent the economy from getting out of control as a warning to the markets of an imminent rate increase.

Worries about tighter monetary policy made for a bumpy week in general with blue chip shares in the Dow Jones Industrial Average off about 2 per cent by noon yesterday, but the index still showed gains for the year.

The Nasdaq, which soared nearly 8 per cent in the first three weeks of the year, has given up all of its early gains

### A falling star?

Rebased

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Source: Datastream

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## Metropolis

## The dinosaur that is still never knowingly undersold

Nigel Spivey meets Stuart Hampson, chairman of the John Lewis Partnership, one of Britain's best loved shop chains

**T**here is a dinosaur in the corner of London's Sloane Square. Its name is Peter Jones. It is a prime example of the antediluvian retail breed the huge department store.

Analysts have confidently forecast the extinction of the species. But there it is. And heaving. The home of the slogan, "Never Knowingly Undersold". Peter Jones is surely the best-loved relic among its many sibling monsters in the nationwide John Lewis Partnership. It seemed a natural place of rendezvous with Stuart Hampson, its chairman.

I found him in cut glass and china. Talking shop, with a partner. How well he knows his Irish crystal is open to speculation. But his first priming for managerial responsibility in the partnership was in the Oxford Street branch, selling pyjamas.

Peter Jones was a modest drapery business in 1905, when the first John Lewis strolled down to Sloane Square with £20,000 cash in his pocket and snapped it up. "Yes," Hampson said, "we are dinosaurs when it comes to size – 25,000 square metres are needed for one of our stores. That's colossal, when you're looking at city centre sites. But once we're established, we're much more flexible than most high street outlets."

"Think of those shops built on the whims of fashion, like the Filofax. They're over-committed as premises. We, by contrast, can simply spot the trend, and make a space in our stationery department, or whatever. When the trend evaporates, we just move things about again."

So how did these predictions of department-store demise come about?

"I suppose," said Hampson, "that everyone swallowed the doughnut concept. You know – seeing he was not with a doughnut concealer here, let alone a swallower" – the policy of ringing a city with big stores and shopping malls in the suburbs. Fine for the States, perhaps. Though Bloomingdales and so on aren't doing too badly over there. But we've realised, and our secretary of state has realised, that inner cities are for keeping.

"And to stay vibrant, they've got to have first-class shopping facilities. Places where people can count on getting the range and quality they need."

He can afford to sound cheerful. The 23 department stores in the John Lewis chain, along with its Waitrose supermarkets, reported record profits last year – the bustling waitresses

were possibly forcing extra smiles in the presence of the chairman, but equally they may have been happy in the knowledge that their share in the profits amounted to eight

### The dowagers of Chelsea like to find things as they left them

weeks' extra pay. And the customers, Hampson explained, have a nostalgia factor in their shopping habits. For all that the store may accommodate current vogues, the dowagers of Chelsea like to find

things in Peter Jones as they left them.

The chairman glanced around: in our vicinity was a super quartet of ladies in leopard-skin berets and suchlike. He lowered his voice.

"Some women," he confided, "come here every day. Every day – to pick up this and that. We betide us if we haven't got it in stock. In that sense we do appeal to the conservative instinct."

"Which is odd," he added. "For we really are a revolutionary lot. We're more communist in practice than the Bolsheviks ever were."

Dismantling as this sounds from a graciously mannered former Oxford cossack, and erstwhile civil servant, it is perfectly true. The store's 1922 constitution irrevocably commits the partnership to a deep distrust of conventional capitalism and the stock

exchange. Given the success of the ideology – more indebted to Robert Owen than Karl Marx, admittedly – why didn't more companies follow suit?

"John Sparian Lewis [the firm's founder] thought they would. He died a disappointed man. He believed businesses had a civic duty to share profits as we do. One or two companies have taken our model. But really we're quite a well-kept secret."

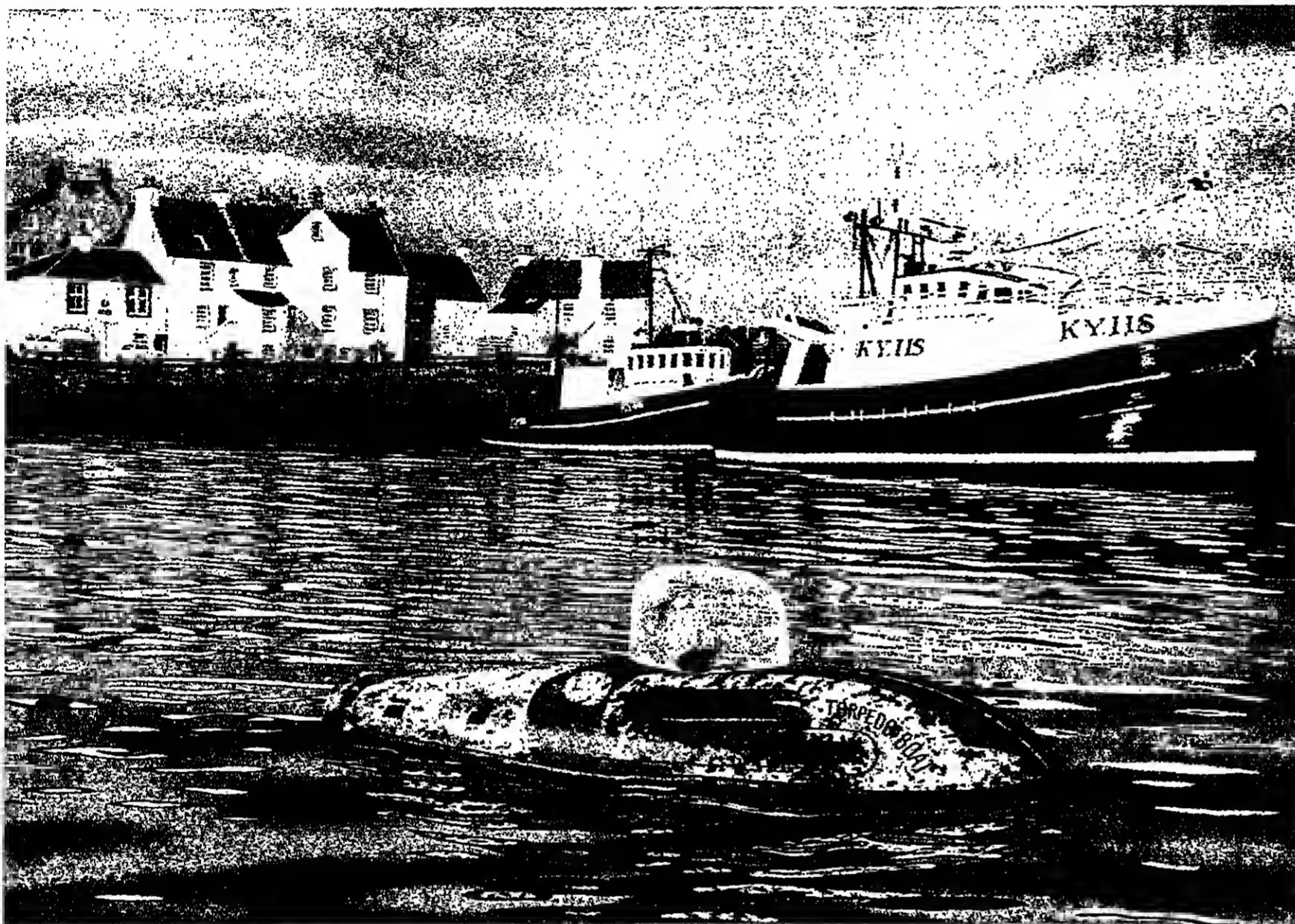
"But how long can you hang on like this?" I asked. "The practice of closing the regional stores on a Monday, for instance? Let alone refusing to open on a Sunday?"

Hampson gestured with easy pride. "Now you won't get staff of quality to work all the hours God sends. What we don't have is anyone who's an Only-er. You know: the 'I'm-only-the-guy-that-buffs-the-bumpers' line. The

partners – and there's about 35,000 of them – all pull their weight. And so benefit not only from the profits they make but job security – even sabbatical holidays, after long service. Of course Internet shopping is imminent. But we think customers will still want the personal expertise we offer."

So it seems, from the balance sheet; and dinosaurs heading up and down the country. I paid a meal bill that lived up to the John Lewis promise, and thanked the chairman for his time. After all, I pointed out, he did not really need to do this sort of public relations exercise.

"Indeed. And you can't imagine how pleasant it is, not to have City scrutineers always breathing down our necks. But we are trying to shed our Trapist tendencies. We're rather good news, aren't we?"



Reinhard Behrens often paints Pittenweem harbour with postcard clarity, and with an idiosyncratic submarine

## Arcadia

## Artists and fishermen net a fine harvest

The balance between tradition and a painters' colony in Pittenweem is delicately maintained, reports John Lloyd

**T**he fishing village of Pittenweem, on the north-east tip of Fife, has, for some reason, become a centre of art. So many painters have moved in or nearby that it supports a festival of exhibitions. It is also a model of how men and women of bohemian habit and creative temperament can live peacefully in a community which, for centuries, has made its living from the sea, cleaved to stern faiths and looked on outsiders with suspicion.

The model is not one of two differing sets of people embracing each other – it is more of how the two treat each other with enough respect to make living together possible.

The village, some 75 miles north of Edinburgh, is small and its August festival has a serene, dainty, ramshackle quality which is a large part of its attraction.

Joyce Laing, who set up the festival 15 years ago and is herself a painter, says that the budget rarely exceeds £2,000. It began because Laing, who wanted to do something for the Royal National Lifeboat Institution – the most popular charity in the East Fife fishing communities – had the idea of mounting an exhibition of old photographs of the area. When a card in the newsgirl's window produced 400 pictures and the exhibition was a success, she thought: "We can do more than this."

It has grown, but slowly. Laing and the others concerned with the festival have an acute sense of the relationship they have with the rest of the community – the village itself, whose living core remains, as it has been for centuries, the men who go out at dawn or before into the Firth of Forth and up to the North Sea to catch fish.

They have radar and echo sounders now, and powerful diesel engines and electric winches, and subsidies and unemployment benefit. But fishing is still physically hard and unpredictably dangerous, and the area's culture is strong, transmitted above all by the wives of men who are away from the town much of the time and often asleep when at home.

It is not at all a philistine cul-

ture: there is a respect for learning and professional attainment. But it has a sceptical eye for those who make their living by it, seems, doing not very much.

Thus, when a venture of this sort is launched, the connections between it and the fishing culture are tentative and delicate. Laing says that an official of Scottish Enterprise, who had become keen on the festival some years ago, had suggested "using an Aldeburgh" (after the Benjamin Britten-inspired music festival) and elevating the event to guide-book status. The committee which runs the event shied away; it had to be kept to a scale commensurate with the size of the town and the artists' place in it.

But that place is a place apart. Reinhard Behrens, the German artist who did postgraduate work at Edinburgh Art College and stayed on, fascinated by the beauty, and because "it was the most northern country whose language I could understand", has found "nothing but friendliness". He says: "Artists love to live in a community away from the crowd. But they don't relate to it; they want to be alone, to work."

Behrens' reputation, and that of his wife, Margaret Smyth, has grown since they came to Pittenweem a decade ago. Their white house sits above the harbour, with a view of the Firth of Forth, they paint in separate studios. He has done a long series of paintings featuring a yellow submarine

and puppets placed against olive groves, or the towers of San Gimignano.

Another couple, Ewen and Isobel McAslan, whose house is on the harbour itself, paint the texture of the little port, transforming it into shapes and associations without losing the integrity of the original – stones in the old piers and walls picked out with

A Celtic theme is planned with a ceilidh band, gaelic poetry and something to burn

Smyth is now painting a series inspired by a period in Tuscany, with puppets placed against olive groves, or the towers of San Gimignano.

The contemporary Scots painter Niall Dallas Brown moved there in the 1980s, then moved on to the next village, Anstruther. Tim Cockburn, who runs the Edinburgh Printmakers company, has a house there; others live nearby, or bring their work in to be shown at the festival. Most live by art. There is no such thing as an "East Fife School".

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but there is some practical assistance with paints, canvases, passing on word of exhibitions.

Laing remains at the centre of the organisation. She is naturally innovative: she became interested in the links between art and illness, both mental and physical; she began as a "cultural visitor" to tubercular patients in the north-east, getting them to paint and finding that their dark canvases portrayed an obsession with blood.

Having trained as a psychiatrist, she became an "art therapist" in the special unit in Berlinic High security prison, where she taught violent men – the most famous was Jimmy Boyle, now a prosperous businessman – how to paint and sculpt. "They thought I was a spy from the Scottish Office at first," she says.

"Then one day, when I was not there, Boyle made a sculpture from the clay I had left. He was the natural leader, once that was done, the rest followed. There was an exhibition of his work last year at the Edinburgh Festival."

A festival with a Celtic theme is planned for this year. There will be a ceilidh band, gaelic poetry and possibly lectures on King Arthur. But there will also be a rhythm and blues band, an orchestral group playing violins, fireworks and games for the children, a torchlight procession and – hopefully – something to burn.

"We had paint what we see," says Isobel. "And here I found there was such a fear of things that we kept saying – look at this, look at that. The light here is extraordinary. It's muted, but it glows." Says Ewen: "I had always painted landscapes. Here, the skylines hit some sort of spot: a gloomy magnificence which continues to engage me."

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I'd already handled Johnny Cash debentures, the Jethro Tull 2000s, and the Mott the Hoople 30-year notes, and had every reason to believe my employers were happy with my work.

With a background in economics and seven years under my belt as a drummer in The Reluctant Gherkins, an early 1970s, pre-post-new wave garage band from Portland, Oregon, I had precisely the kind of arcane, twin-track knowledge of the entertainment world and securities industry that the bond market so desperately needed.

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The burning is a recent "tradition". In 1988, to commemorate the 400th anniversary of the wrecking of a Spanish ship – one of the vessels from the Great Armada – on the East Fife shore, Behrens made a model galleon over four weeks. It was placed in the disused swimming pool just outside of town – and burnt in the evening.

"There were about 1,500 people there – a really big event," he recalls. "And that broke down the gulf between us, at least for a while. The fishermen couldn't understand how could burn something which took so long to build. Yet they liked the event. I was a hero for a while. And then it went back to normal."

"We get a lot of goodwill," says Laing. "And we use the big loch which the fishermen use to store their nets as a gallery. It works well."

Otherwise the bonds were just going to sell. Alas, my numbers didn't sit well with the band.

One Thursday afternoon, shortly before closing time, the entire group turned up at my apartment. The lead singer, Sime, told me in no uncertain terms that I should run my numbers again.

I explained that the integrity of the firm was at stake, and refused to change them. At this point, the bass player grabbed me from behind, and the rest of the group did my hands and feet. They threw my furniture out of the window, and I saw no alternative but to upgrade their rating.

Needless to say, the bond offering (5.3 per cent, a mere 2 basis points above US Treasury bonds) found no takers, a misfortune the band laid squarely on my doorstep. When the offering was pulled, I had to change apartment three times and had my car vandalised. Though I have not been able to prove that these crimes were the work of my former clients or their henchmen, it became clear that my life was in danger. Fearing the worst, I decided to leave the US securities industry forever.

Today, I am working under assumed identity as a bond analyst for a London outfit called Eight-Note Securities. We handle ratings on issues like Bach CDs, the Gotthardanierung 2030s, Vivaldi's Four Tranches, and Beethoven's Seventh Offering.

The Ninth was underwritten.

Fans of the band will appreciate the intricacy of this mezzanine package.

Let me stress that in most of my dealings with rock star clients I was treated with respect and dignity.

The members of Poison were perfect gentlemen with a sound financial base. Ditto the fund

## True Fiction

### Rated right off the wall at Blue Moody's

Music bonds being all the rage, Joe Queenan attempts to cash in

I had just wrapped up the Tom Jones bond rating (£75m in 10-year notes at 7.8 per cent) when things fell apart completely. I'd been working for six months as a bond rater for Blue Moody's, which had sprung up to fill a yawning expertise gap in the financial services industry after David Bowie and his back catalogue went public, and nobody was sure how to rate the bonds.

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